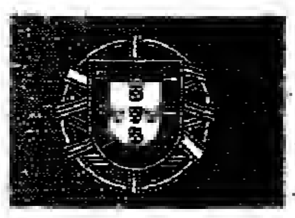
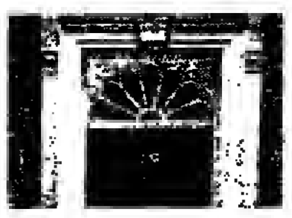
King Hassan II
'Peace must have a content'
Interview, Page 10

Usinor Sacilor
Shining bright in a blighted industry
Page 24



Portugal
Europe's tiger or still a pussycat?
Survey, Pages 11-14



TOMORROW'S Weekend FT
The history of British sleaze

FINANCIAL TIMES

Europe's Business Newspaper FRIDAY OCTOBER 28 1994 D8523A

UAL seeks equity stake in Chinese domestic airline

UAL, parent of United Airlines of the US, said it was interested in taking an equity position in China Southern, the country's leading domestic carrier. But UAL stopped short of confirming that it had already held talks with the Chinese airline on acquiring a stake. China Southern, based in Guangzhou province, is one of two airlines Beijing has selected to be among 22 enterprises traded on overseas stock markets. British Airways is also believed to be interested in acquiring a stake in the carrier. Page 21

Procter & Gamble sues Bankers Trust: US consumer products group Procter & Gamble filed a lawsuit against Bankers Trust seeking damages of more than $130m over losses stemming from a derivative contract. Page 21

Brazil may use troops to curb drug dealing

Brazil may send troops into Rio de Janeiro's shanty towns to combat the city's drug traffickers amid widespread concern that the police there have lost control and are heavily involved in corruption. Fernando Henrique Cardoso (left), who takes over as president on January 1, said he favoured military intervention in Rio, which he described as being in a state of "undeclared civil war". Page 20

ICI confirms chemicals recovery: Imperial Chemical Industries of the UK provided confirmation that the chemicals industry is on the upswing with third-quarter pre-tax profits up 59 per cent to £143m ($226m) after exceptional items. Page 21; Lex, Page 20

Samsung plans consolidation: Samsung, South Korea's biggest conglomerate, is to consolidate its operations by cutting the number of its subsidiaries to 24 from 50 through mergers and disposals. Page 26

Shares in Japan Tobacco fall sharply: Japan's ministry of finance, sharply criticised over the partial privatisation of Japan Tobacco, ran into further embarrassment as the stock fell sharply on its first day of trading in Tokyo. Page 26

Estonia picks Green prime minister: The Estonian parliament backed environment minister Andres Tarand as prime minister. Mr Tarand, a leader of Estonia's Green movement, will take over from Mart Laar, who lost a confidence vote. Page 3

Sweden raises interest rate: Sweden's central bank, the Riksbank, moved to counter inflationary pressures by raising its key short-term interest rate, the repurchase rate, by 20 basis points to 7.4 per cent. Page 3

Allied Signal ahead after retrenchment: Allied Signal, diversified US manufacturer which has gone through a lengthy period of retrenchment, reported record third quarter earnings of $189m, an increase of 15 per cent. Page 25

TLG capitalised at £204m: TLG, holding company for Thorn Lighting Group, will be capitalised at £204.8m ($323.6m) when it comes to the UK market next week. Page 30

Zimbabwe may expel Oxfam workers: Oxfam workers face possible expulsion from Zimbabwe after an angry government response to a report by the British charity criticising the country's health policy. Page 4

Record quarter for Canadian airline: Canadian Airlines International, Calgary-based airline which was on the brink of collapse before a financial restructuring, reported record quarterly earnings of C$85.4m, up from C$38.5m a year earlier. Page 24

Axa profits beat trend: French insurance group Axa bucked the trend in the sector by reporting group interim net profits up 26 per cent to FFr1.5bn ($293m). Page 20

Usinor Sacilor back in profit: Usinor Sacilor, French state-owned steel producer, reported first-half net profits of FFr471m ($89.03m) after losses of FFr5.7bn in 1993. Page 21

Three Graces to stay in Britain: Antonio Canova's The Three Graces will stay in the UK after the Court of Appeal in London rejected a challenge by the Getty Museum of California, which paid £7.6m ($12m) for the statue, against a government decision to delay the granting of an export licence. The move allowed UK galleries time to raise a similar amount for the work.

STOCK MARKET INDICES

FT-SE 100:	3,029.6	(+29.7)
Yield	4.19	
FT-SE Eurotrack 100	1,303.28	(+2.57)
FT-SE-A All-Share	1,506.35	(+0.8%)
Nikkei	19,796.36	(+50.01)
New York: lunchtime		
Dow Jones Ind Ave	3,861.35	(+13.12)
S&P Composite	464.90	(+2.29)

US LUNCHTIME RATES

Federal Funds:	$4\frac{3}{4}$%
3-mo Treas Bills: Yld	5.093%
Long Bond	$93\frac{3}{32}$
Yield	8.046%

LONDON MONEY

3-mo Interbank	6%	(same)
Liffe long gilt future:	Dec $100\frac{3}{8}$	(Dec $99\frac{1}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (Dec)	$16.975	(16.77)

Gold

New York Comex (Dec)	$389.2	(391.0)
London	$388.8	(389.0)

STERLING

New York lunchtime:		
$	1.636	
London:		
$	1.6377	(1.6326)
DM	2.4519	(2.4412)
FFr	8.3917	(8.3549)
SFr	2.0487	(2.0398)
Y	158.68	(158.415)
£ Index	80.8	(80.5)

DOLLAR

New York lunchtime:		
DM	1.498	
FFr	5.126	
SFr	1.2525	
Y	96.945	
London:		
DM	1.4972	(1.4953)
FFr	5.1242	(5.1177)
SFr	1.251	(1.2495)
Y	96.885	(97.035)
$ Index	60.7	(same)

Tokyo close Y 96.88

Austria	Sch32	Greece	Dr350	Malta	Lm0.60	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30		
Bulgaria	Lv80.00	Iceland	IKr215	Neth	Fl 4.25	Slovak Rp	KSL50		
Cyprus	CE1.10	India	Rs60	Nigeria	Naira90	S. Africa	R12.00		
Czech Rp	CZK50	Israel	Shk6.80	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr18		
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30		
Estonia	EKr 20	Jordan	JD1.50	Philippines	Pso60	Syria	S£50.00		
Finland	FM14	Kuwait	Fils.625	Poland	Zl 38,000	Tunisia	Din1.500		
France	FFr9.50	Lebanon	US$1.50	Portugal (m'land)	Es225	Turkey	L30000		
Germany	DM3.60	Lux	LFr65			UAE	Dh12.00		

No 32,509 Week No 43

Bologna bank set to fight $1.3bn Credito Italiano bid

By Robert Graham in Rome

Credito Romagnolo, the Bologna-based bank, is today expected to reject a L2,000bn ($1.3bn) offer for 48.2 per cent of its shares by the recently privatised Credito Italiano.

The takeover would create the largest privately-owned banking institution in Italy with deposits of over L65,000bn. Credito Italiano is Italy's fifth largest bank and Credito Romagnolo the 15th.

The offer, made late on Wednesday, is also the biggest made for a quoted company under takeover rules introduced two years ago.

A special board meeting has been called today by Credito Romagnolo at which it will take a formal position on Credito Italiano's proposal. Romagnolo management, which is controlled by shareholders dominated by Mr Carlo De Benedetti, the Olivetti chairman, has refused to make a formal comment on the offer.

Mr Lucio Rondelli, Credito Italiano's chairman, was quoted yesterday as saying: "I don't regard the offer as hostile. Indeed we think we can maximise the synergies with a bank that is complementary to ours."

However, a banker familiar with Credito Romagnolo's position said: "Credito says the offer is friendly; but when the Soviet tanks went into Prague they also said they were friendly."

The offer is for 105.5m shares, valuing them at L19,000 against L13,674 on Wednesday. Mr Rondelli says the offer will cost L2,010bn.

Credito Romagnolo shares have risen sharply in recent weeks, rising more than 20 per cent since mid-September. Credito Italiano admits to having been one of the buyers and already possesses 2.5 per cent of Romagnolo stock.

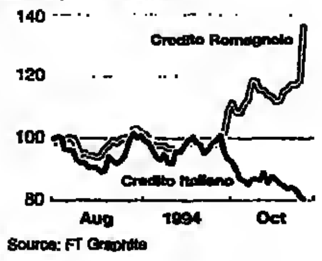
Credito Romagnolo's statutes forbid any shareholder from possessing more than 10 per cent of the bank's stock, in order to preserve a wide share-ownership base and retain a strong regional identity, rooted in the rich farmlands of Emilia Romagna and the area's thousands of dynamic small businesses.

It is this strong regional identity which is likely to become the main stumbling block to the takeover bid. Credito Italiano says the statutes on the size of shareholdings must be changed by February 28 next

Continued on Page 20
Lex, Page 20

Italian bank bid

Share prices rebased



Source: FT Graphite

Chernomyrdin pledges tough monetary policy in 1995

Russian PM survives vote of no confidence

By John Lloyd in Moscow

The Russian government survived a vote of no confidence in parliament last night as Mr Victor Chernomyrdin, the prime minister, pledged to toughen economic policy next year to achieve the elusive goal of stabilisation.

The country also survived the first part of a 24-hour strike called by the official trade unions with little apparent inconvenience, and relatively small demonstrations in the main cities.

However, the no confidence vote – 194 for, just 32 short of the majority needed – was closer than expected, and only 54 deputies voted against it. The rest registered abstentions or did not vote at all.

At the same time, President Boris Yeltsin named the conservative Mr Alexander Nazarchuk, a leading member of the pro-communist agrarian faction, as the agriculture minister.

The nomination and its likely effect on the vital, but largely unreconstructed, agricultural sector contrasted starkly with the prime minister's reformist speech as he presented his tough 1995 draft budget to parliament. It appeared to point again to a widening split between Mr Yeltsin and Mr Chernomyrdin.

Mr Nikolai Travkin, the leader of the Democratic party and a minister without portfolio, said last night that "if before this nomination we couldn't move reforms through the [farm] lobby, then after it they will be entirely stuck".

However Mr Chernomyrdin, in a confident and vigorous performance before the Duma, made clear that the only strategy he could see was to tighten monetary policy, squeeze inflation further and refuse further credits from the Central Bank.

The budget commended by Mr Chernomyrdin is exceptionally severe, requiring real cuts in almost every sphere of the economy and making a fall in production and fall in GNP inevitable.

However, Mr Chernomyrdin said that only such a budget would "close the doors on the swamp of depression" and allow real growth.

The leaders of the reformist parties were at best lukewarm in their support – though Mr Grigory Yavlinsky of the Yabloko group and Mr Yegor Gaidar of Russia's Choice both made clear that their opposition was more to the president than to Mr Chernomyrdin.

Mr Yavlinsky, is a declared presidential candidate in the elections called for next year – and Mr Gaidar, angered by the nomination of Mr Nazarchuk as agriculture minister, appeared to be on the verge of reversing his party's vote for the government.

While the unions' grievances about the backlog of wages owing to millions of workers are real and urgent, neither the old official unions nor the new independent ones have managed to galvanise workers into action. The one exception, the miners, announced they would not take part in the protest because the government had promised to meet their demands in an agreement estimated to cost about Rbs4,000bn ($1.1bn).

Radical reform, Page 2

Emphatic: Russian prime minister Victor Chernomyrdin makes a point during his confident speech to yesterday's meeting of the Duma at which his supporters defeated a vote of no confidence AP

Forstmann pays $1.4bn for Ziff publishing group

By Louise Kehoe in San Francisco

Most of the assets of Ziff-Davis Publishing, a US leading publisher of computer magazines, trade newspapers and books, are to be acquired by Forstmann Little, a New York investment firm, for $1.4bn in cash.

The privately held publishing group is being sold by the Ziff family, which will retain a small equity interest. The three Ziff brothers, Dirk, Robert and Daniel have approximately a 90 per cent interest in the company. They announced plans to sell the business – built up their father William – in June.

The young men said their interests lie in investing, rather than publishing. Proceeds of the sale will go to Ziff Investments, an investment firm run by Dirk.

The sale has attracted broad interest in the media industry because Ziff is on the leading edge of multimedia publishing, including computer on-line publishing and CD-Rom titles and because computer publications are one of the strongest growth sectors in publishing.

Other companies believed to have shown a serious interest in acquiring parts of Ziff include Anglo-Dutch publishing company Reed Elsevier, Japanese software distributor Softbank and German media company Bertelsmann AG. K-III Communications, McGraw Hill and Time Warner are also said to have considered making a bid for Ziff.

Forstmann will acquire Ziff's business magazine group, which includes PC Magazine, its flagship magazine with a paid circulation of over one million copies.

Also included in the deal is Ziff's recently formed consumer media group, which has launched two magazines for home computer users, the international media group, which publishes 11 computer magazines, a market research group, and Ziff-Davis Interactive, which provides on-line information to thousands of users of services such as Compuserve and Prodigy, and is about to launch its own on-line service called Interchange Computing.

Ziff's nearly $1bn in annual revenue and $160m in operating profit come largely from its computer trade magazines.

Forstmann said it will invest over $900m of its own capital in Ziff-Davis. The investment "will facilitate the dynamic growth of this business as the PC revolution continues to gather momentum," said Theodore Forstmann, senior partner.

Ziff-Davis employs about 4,000 people, most of them in the US. Employees yesterday expressed satisfaction with the sale because they expect Forstmann to take a hands-off approach. The investment group said that it plans no changes in the management or operation of Ziff.

Not included in the transaction are Ziff-Davis' trade show business and Interchange Network and Information Access, a software group. These businesses will be sold by auction, with final bids due at the close of business yesterday.

Israel attacks Clinton over outcome of talks with Assad

By Julian Ozanne in Jerusalem

US President Bill Clinton said yesterday he had made substantive progress in talks with President Hafez al-Assad of Syria aimed at edging Israeli-Syrian peace talks forward.

But Israeli foreign ministry officials described the Clinton-Assad meeting as a "great disappointment" and said Mr Clinton had boosted Mr Assad's prestige in the Middle East by his visit but had come away empty-handed.

After four hours of talks with the Syrian president in Damascus, Mr Clinton said he had made progress but said he was not free to discuss the details.

The US president also claimed Mr Assad's remarks yesterday – in which he pledged to seek ways to "hasten the march of peace" – went beyond anything he had said before.

"Syria has made a strategic choice for peace with Israel. Syria is ready to commit itself to the requirements of peace for the long-term to transform the region from a state of war to a state of peace, and to allow Arab and Israeli to live in security, prosperity and stability," Mr Clinton said in a speech to the Israeli parliament last night.

"I believe something is changing in Syria and its leaders understand that it is time to make peace, but there will be still a lot of hard bargaining before they are ready to sign a treaty ... we will walk with you on the road to Damascus for peace with security."

Israeli officials, however, said Mr Assad had merely restated Syria's hardline position demanding a full Israeli withdrawal from the occupied Golan Heights; had failed to spell out his vision of a "normal peace"; and had embarrassed the US president by saying that no US official had ever proved Syrian involvement in an act of international terror.

"For us the visit would have been a success if Clinton had been able to broker direct talks between our foreign minister and the Syrian foreign minister," said a senior Israeli foreign ministry official. "The least we expected was something firm about terrorism.

But neither of these things happened. It is a great disappointment."

Mr Clinton, who has turned his Middle East tour into a crusade against terrorism, said that in a private conversation Mr Assad had expressed his opposition to the killing of innocents.

Diplomats said Mr Assad was happy that Mr Clinton had renewed US commitment to an Israeli withdrawal from all land occupied in the West Bank, Arab East Jerusalem, the Golan Heights and southern Lebanon.

But the Israeli prime minister Mr Yitzhak Rabin warned: "The question of Jerusalem is not open for negotiations. Jerusalem will be open for all those who believe in god, but will always be under the rule of the Jewish people."

CONTENTS

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

BA presses for early admission to Orly

By John Ridding in Paris

The prospect of a fresh showdown over access to French air routes emerged yesterday following the announcement by TAT European Airlines, an affiliate of British Airways, that it would start services on two key routes before the end of December.

The French government, which was ordered on Wednesday to open the lucrative routes between Orly airport in Paris and Toulouse and between Orly and Marseilles, said that services could not start before January 1995. The routes are currently operated by Air Inter, the state-owned airline, which has a monopoly on many French domestic routes.

The European Commission said that the two routes must be opened immediately following Wednesday's decision by the European Court of Justice to reject an appeal by the French government which was seeking to delay liberalisation of the routes. The French transport ministry accepted the ruling, but said that the process of selecting carriers for the routes precluded the start of services before January.

This argument was rejected by the Commission, which said that the French government could have begun the procedure of selecting carriers six months ago when it was originally ordered to open the routes to competition. The French government appealed against the ruling, but the appeal was rejected by the European Court.

TAT, which is 49.5 per cent owned by British Airways and which filed the original suit demanding access to the routes, condemned the French government's attempt to delay services. It described the selection process sought by the transport ministry as a "another stalling tactic" and threatened legal action against the French government unless its bid to operate the routes was approved within 24 hours.

The latest clash follows the so-called "battle of Orly" earlier this year in which TAT, British Airways and other UK carriers threatened to fly to Orly from London despite the refusal of the French government to grant landing permission. As with the Orly-Marseilles and Orly-Toulouse routes, access to Orly from London had been ordered by the European Commission.

Other French airlines took a more conciliatory approach. Air Outre Mer, while criticising the delaying tactics of the French government, said it would start its planned services between Orly and Marseilles in January. Air Liberté cancelled its flights between Orly and Toulouse which were scheduled for today and said it hoped to be selected to operate the route from January 2.

Yeltsin was real target of no-confidence motion in duma

John Lloyd explains the political machinations behind yesterday's vote on the future of the Chernomyrdin government

Technically, yesterday's no-confidence vote in the Russian parliament was aimed at the government of Prime Minister Victor Chernomyrdin. But it had a bigger target in its sights as well – President Boris Yeltsin.

The government won the vote, but the relatively high figure of 194 deputies voting against the government – just 32 short of a majority – shows that opposition to Mr Yeltsin has grown significantly. The impression is strengthened by the small number of deputies from normally supportive liberal parties – 54 – who voted against the no-confidence motion, with another 55 who cast an abstention (the remainder simply did not vote).

The opposition's hard core is the Communist Party of Russia, led by Mr Gennady Zyuganov. The party, relatively disciplined and normally able to count on the support of the Agrarian Party, has rejected any compromise with Mr Yeltsin, refused to sign his (now somewhat tattered) Pact on Social Consensus and has said it will refuse to accept seats in the cabinet.

The other large anti-presidential group is the Liberal Democratic Party, led by Mr Vladimir Zhirinovsky – who yesterday confirmed his unerring feel for the quotable remark when he warned ministers to resign when they could – or face arrest when he came to (presidential) power next year, to institute a dictatorship.

However, it lacks the discipline of the Communists and its members probably both abstained and as well as voted against the government.

The same is true of the Agrarians and the communist-leaning Women of Russia Party – though Mr Yeltsin's naming yesterday of Alexander Nazarchuk, an Agrarian and chairman of the duma agriculture committee, as agriculture minister in place of Mr Victor Khlystun, may have swung a few votes the government's way. Mr Khlystun was no radical – but he had angered the Agrarians and others on the left by going along with modest reform in the agricultural sector, and his successor is unlikely quickly to repeat the mistake.

At the same time, however, the nomination showed on what a fine line Mr Yeltsin is now treading as he seeks to sway this way and that to retain his government. On its announcement, Mr Yegor Gaidar, leader of the main liberal party, Russia's Choice, commented sourly: "It now makes it impossible to speak of any reform in the agricultural sector at all." He threatened to change his party's vote and oppose the government.

The Democratic Party, which had tried to keep to the shifting centre, is now split – with half of its 15 MPs rallying round Mr Sergei Glazyev, the young former trade minister whose pungent and informed attacks on the budget have put him at the head of those in the Duma opposing the economic strategy. He knows from the inside the horse trading, heroic assumptions and guestimates which make up the Russian budget – and, with a burning conviction that a monetarist policy is destroying Russian industry, he has positioned himself to be high in the ranks of any opposition cabinet which might take over.

But that will not be tomorrow. This opposition is composed of men and women whose inexperience of party politics, desire for individual prominence and fear that they may have to take responsibility for the economy was always likely to combine to undermine the no-confidence vote.

Mr Zyuganov's bitter comment last night that "we did not get rid of the government because such a vote would require courage" had some truth – though it is unclear how far those who voted for the no confidence motion lacked courage, or folly.

Zhirinovsky addressing the duma yesterday: arrest threat Reuter

Polish minister quits in row over bank job

By Christopher Bobinski in Warsaw

Mr Andrzej Olechowski, Poland's foreign minister, resigned yesterday claiming his honesty had been questioned by publication of a list of politicians' directorships.

Mr Olechowski, a former finance minister, said that Mr Wlodzimierz Cimoszewicz, the justice minister who had prepared the list of senior government officials on the supervisory boards of state owned and private companies had "questioned his honesty" by suggesting he had been improperly paid for a second job. Mr Olechowski had figured correctly on the list as the head of the supervisory board of the state owned Bank Handlowy, one of the country's largest banks.

By Polish law government officials are permitted to represent the state on the boards of nationalised companies but are not allowed to accept pay from sources other than their post in the administration. The law has however remained a dead letter and contains no sanctions for transgressors.

The list included 56 officials in such posts of whom a mere handful did the work for no extra pay. Mr Olechowski was stated to have received pay of three times the average wage.

Mr Olechowski, who said he would stay in post until December, became foreign minister a year ago when he joined the government as a nominee of President Walesa. Under Poland's constitution, the president has special responsibility for the foreign, internal affairs and defence ministries which are cabinet posts.

The last year has seen repeated turf wars over these three ministries between the president and Prime Minister Waldemar Pawlak, head of the Peasant Party. The search for Mr Olechowski's successor provides the opportunity for a full scale clash as Mr Walesa recently made clear he wants to co-ordinate foreign policy.

Mr .Olechowski is a non party politician whom opinion polls show as being one of the country's few potential candidates who stand a chance of winning next year's presidential election against Mr Pawlak or Mr Alexander Kwasniewski, head of the post communist Left Democratic Alliance.

President Walesa is doing badly in the polls. One poll this week showed him to be the most mistrusted politician in the country with 48 per cent expressing this view. Another 31 per cent however continue to have confidence in the erstwhile Solidarity hero. Mr Olechowski in contrast is mistrusted by a mere 8 per cent and his confidence rating at 54 per cent is high and comes just behind Mr Kwasniewski and Mr Pawlak.

Yesterday's resignation gives Mr Olechowski the chance to put some distance between him and the president and prepare the ground for an election bid.

Document reveals determination to try to create new economic climate

Russia puts radical reform back on agenda

By John Lloyd in Moscow

The Russian government is determined to try once again to pursue radical economic reforms, according to a document on economic strategy obtained by the FT.

Written by Mr Yakov Urinson, the first deputy economics minister, the document provided the background against which Mr Victor Chernomyrdin, the prime minister, gave a largely uncompromising speech to the dume (lower house) yesterday. It admits that "at the moment, economic and political instability, inflation, high-cost credits and mistrust in the authorities make up a generally inhospitable climate for investment".

Only by changing that climate can the rouble be stabilised. And to change the climate, the report confirms the government's commitment to a monthly inflation target of 2 per cent over next year, the eschewing of credits from the central bank and the funding of the deficit by the issue of treasury bills and borrowing from the International Monetary Fund and the World Bank.

Mr Alexander Shokhin, deputy premier for the economy, said last week the government hoped for as much as \$14bn in IMF and Bank credits next year – an expectation the Fund has been at pains to play down.

The paper lays out an industrial strategy which gives pride of place to ending subsidies and credits to "hopeless" enterprises and concentrating on existing or newly created businesses which can attract a mixture of state and private capital. It wants to "closely co-ordinate" the second phase of the privatisation programme with measures to stimulate private investment; and it wants to make investment attractive to individual savers.

As for the long-suffering foreign investors – there is, again, a frank recognition of the causes for their suffering, and of the urgent need to convince them that the government is on their side. If it can do so – Mr Urinson does not spell out how it might be done – then "we can expect foreign investment to run at around \$5bn to \$6bn a year from 1995".

The document is equally frank in recognising that Russian industry, its output still falling, its technology archaic and its work relations unreconstructed, is in no condition to stand unprotected before the world market. The government will thus continue its policy of "reasonable protectionism" – using an array of weapons, including tariffs, quotas, export credits and manipulation of the rate of the rouble.

However upbeat its determination to re-commit itself to a harsh path – not yet consistently followed by any of the post-1991 Russian governments – its forecasts sketch an economy still tumbling. GNP is expected to come out at between 92 per cent and 94 per cent of this year; production is set to continue falling, by 3 per cent to 5 per cent (compared to 8-10 per cent this year). Oil output will be 6 per cent down, at 295m tonnes; gas a mere 1 per cent down at 600bn cubic metres; and coal 1 per cent down on this year, at 270m tonnes.

These are rather better figures, if they come to reflect reality. However big falls will continue in engineering (expected to be 12-14 per cent down); timber (13-15 per cent down); light industry products (15 per cent down); agricultural output (6 per cent down).

The commitment is strong. But the edifice rests on the assumption that the deficit will be financed by e vast issue of treasury bills and a very large package of loans. Critics were questioning both last night.

Ukraine near to winning aid from western donors

By Matthew Kaminski in Kiev, Bernard Simon in Toronto and Anthony Robinson in London

Ukraine was last night close to securing up-front financial aid from western donors and debt relief from its Russian and Turkmen energy suppliers at a Group of Seven-organised conference in Winnipeg.

Mr Andrei Khozyrev, Russian foreign minister, who is leading the Russian delegation, said that Russia, which is owed \$2.7bn (£1.7bn) for oil and gas exports to Ukraine, was prepared to join the Paris club of official creditors and reschedule \$625m of payments due in the fourth quarter of this year.

Ukraine is seeking a total of \$900m for the fourth quarter to carry out the economic stabilisation agreement reached recently with the IMF, according to Mr Roman Shpek, the Ukrainian economy minister.

In an attempt to ensure such assistance, tha Ukrainian national bank passed a decree on Tuesday to unify the exchange rate, one of the measures urged on Ukraine by its international creditors.

This will leave the value of the karbovanets, the temporary national currency, to be determined by the market and not, as hitherto, by the hard-currency priority committee.

The government this week also announced bold price and export liberalisation measures which will cut subsidies on food, rents and energy, and remove bureaucratic limits on e range of export products.

Ukraine's President Leonid Kuchma, heading the Ukrainian delegation, told western donors the reform programme hinges on immediate western aid and a successful debt rescheduling agreemant to cover its \$600m fourth-quarter balance-of-payments deficit.

"We badly need help to get through the next two months and restructure our accounts. We are staking everything on the visit to Canada," Mr Oleh Rybachuk, international departmsnt head at the National Bank, said before the conference began.

Ukraine asked Russia and Turkmenistan, who are owed over \$3bn for oil and gas exports, to conclude a rescheduling agreement. About \$340m of the \$600m financing gap for the fourth quarter is attributable to energy imports unmatched by exports.

Russia, which faces its own debt renegotiation problems, was reluctant to reschedule; Mr Alexander Shohkin, Russian minister for economic affairs, earlier suggested Russia would prefer to exchange debt for former Soviet assets, including land, in the Ukraine.

Before the conference, the European Union also dragged its feet, demanding repayment of past arrears of \$100m and action to close the Chernobyl nuclear power plant, which EU members still consider a big hazard but which the Ukrainians need to reduca their dependence on imported energy.

The US committed \$70m which it said it would raise to \$100m if the EU came up with similarly-sized balance-of-payments aid. Canada pledged \$25m.

Ukraine, with a population of 53m, has a total foreign debt of aroimd \$7bn.

CONTRACTS & TENDERS

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb and Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). ISSN: ISSN 0174-7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

FRANCE: Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

DENMARK: Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41, Fax 33 93 53 35.

EUROPEAN NEWS DIGEST

Bosnian army drives out Serbs

The Bosnian Moslem army has pushed back Bosnian Serb forces in a major offensive in north-west Bosnia, forcing retreating Serb soldiers to abandon tanks and mortars. The UN said Bosnian army had attacked out of the Bihac pocket, capturing between 100 and 150 square kilometres. "They have caught the BSA [Bosnian Serb army] unawares and ... [the Serbs'] normally effective command and control structure collapsed and they withdrew in considerable disarray, abandoning equipment such as tanks and mortars," said military spokesman Colonel Tim Spicer.

Bosnian army fifth corps soldiers were celebrating in the streets of Bihac town while aid agencies reported several thousand refugees, apparently Serbs, fleeing the fighting. However, UN military officers in Sarajevo said the Moslem offensive had slowed and they believed they had paused to consolidate their gains.

The Bihac pocket has been surrounded by Serb forces for much of Bosnia's 30 months of war. But since it suppressed a revolt by breakaway Moslems at the end of the summer, the Moslem Fifth Corps has turned its attention to the Serbs. "Our assessment is that the BSA is somewhat stretched at the moment," Col Spicer said. *Reuter, Sarajevo*

Compromise in OECD job row

France and Canada have reached a compromise that could settle a dispute over who should be the next secretary-general of the Organisation for Economic Co-operation and Development (OECD). Under their proposal Frenchman Jean-Claude Paye, who was seeking a third five-year term after his mandate expired last month, would be reinstalled as head of the 25-nation economic think-tank for two years. Donald Johnston, a former Canadian finance minister and the candidate backed strongly by the US and most other non-European members, would then serve a full five-year term.

The question now is whether the US will swallow the deal, a diplomat said. The US is keen that the job should go to a non-European and diplomats said the OECD dilemma may not be resolved until the contest for the top job at the World Trade Organisation – the successor to the General Agreement on Tariffs and Trade – is over. Washington is promoting Mexico's President Carlos Salinas de Gortari, who leaves office on November 30, for the the WTO job. *Reuter, Paris*

Schneider's lawyers resign

The defence lawyers of fugitive German property tycoon Jürgen Schneider have said they will no longer represent him, the Frankfurt public prosecutors' office said yesterday. "The lawyers informed us that they were resigning their mandate," the prosecutors' office said. Media reports said the lawyers quit because all attempts to contact Schneider personally had failed.

Schneider is wanted by police for alleged fraud. He and his wife disappeared in April leaving his property group to go bankrupt with more than DM5bn ($3.3bn) of debt to banks and trade creditors. His Geneva-based intermediary, described as an Arab with links to intelligence services and arms dealers, had consistently blocked attempts to make contact with him, prompting speculation he may be dead, the media reports said.

The lawyers doubted whether Schneider's signatures on documents giving them power of attorney were real. But police have verified the signatures and said there were no indications that Schneider was dead. *Reuter, Frankfurt.*

Estonia picks Green premier

The Estonian parliament yesterday backed environment minister Mr Andres Tarand as prime minister, averting the prospect of early elections in the Baltic republic. Deputies voted by 63 in favour, with 15 abstentions and one against, in support of Mr Tarand, who had been nominated for the post by President Lennart Meri. Mr Tarand, a leading light in Estonia's Green movement, will take over from Mr Mart Laar, who lost a confidence vote last month because of what his critics saw as a high-handed, secretive style of leadership.

The appointment of Mr Tarand, a compromise candidate who does not belong to any party, reflected a lack of enthusiasm among deputies for early elections. Earlier this month, parliament rejected the president's first choice, central bank governor Mr Siim Kallas. Mr Tarand said given that elections were scheduled for next March he did not intend to initiate any major changes to government policy. *Reuter, Tallinn.*

France curbs welfare spending

The French government has made progress in its attempts to curb welfare spending, but the social security accounts may need extra funding to avoid cashflow problems in the first half of 1995, according to a report released yesterday. The report by the social security accounts committee forecast that the deficit on welfare spending, which includes health, pensions and family benefits, should narrow to FFr50.5bn (£6bn) next year, from about FFr54bn in 1994 and FFr56.4bn in 1993.

According to the report, however, the deficit would still exceed existing borrowing conditions agreed with the Caisse des Depots, the state financial institution. The government, which wrote off social security debts of an accumulated FFr110bn last year by transferring them to the central state budget, has so-far resisted a further injection of funds. Prior to the write-off, the government implemented cost-cutting measures in the state pension scheme and in health spending aimed at balancing the social security accounts. *John Ridding, Paris*

Euro-MPs back bigger budget

Bringing Austria, Finland, Sweden and Norway into the European Union will mean the EU budget needs to be expanded by more than $1bn next year, the European Parliament said yesterday. The parliament proposed the draft EU budget for 1995 be increased by Ecu800m (£629m) to reflect the imminent enlargment of the bloc.

Austria and Finland are due to join the EU on January 1 following successful referendums. Sweden and Norway will vote on membership on November 13 and 28 respectively. The figure was included in the parliament's first reading of the draft budget for 1995, in which it proposed an overall budget of Ecu80.9bn. *Reuter, Strasbourg.*

ECONOMIC WATCH

Sweden raises interest rates

Sweden's central bank, the Riksbank, yesterday moved to counter inflationary pressures by raising its key short-term interest rate, the repurchase rate, by 20 basis points to 7.40 per cent. It is the second time the bank has lifted interest rates in the last three months and the first increase since the Social Democrats won the September general elections. Analysts said the increase bolstered the Social Democrats' anti-inflation credentials following the appointment of Mr Kjell-Olof Feldt, a former Social Democrat finance minister, as chairman of the Riksbank's board of governors. The Riksbank warned last week that Swedish inflation might exceed the bank's target of 3.0 per cent next year. Rising producer prices and signs of bottlenecks in the manufacturing sector have already pushed up inflation to 2.7 per cent. The bank made its move despite the recent strengthening of the krona and a fall in long-term bond yields. *Christopher Brown-Humes, Stockholm*

■ East German industrial output rose in August by 14.1 per cent year-on-year after increasing in July by 9.4 per cent. West German engineering orders rose by 18 per cent in real terms in September from a year ago.

■ Spanish industrial production rose by 11.6 per cent in August, after rising 4.8 per cent in July

■ Belgian inflation figures were much better than expected, falling to 2.12 per cent in October from 2.46 per cent in September.

Cross-border shoppers discover cross-border fraud

The single market is held back by lack of proper consumer protection, writes **David Buchan**

Why does cross-border shopping amount to only 3 per cent of all transactions in the famous European singla market? Mr and Mrs Roger Degraeve of Ypres can supply part of the answer.

The Flemish couple were initially delighted with their recent trip to Kortrijk, still in Belgium, where they made the equivalent of a cross border purchase after coming across a smooth-talking French salesman who had organised a competition for a Limoges dinner service. The latter had set himself up in a temporary stall in a local mall. The Degraeves won, only to be told their "prize" could not be delivered unless and until they agreed to pay BFr64,000 (£1,269) for the privilege of having their initials carved in gold on each and every plate.

Grudgingly, the Degraeves agreed to a BFr24,000 downpayment, but then decided not to pay for their "prize" and contacted the European Consumer Information Agency (ECIA) office in Kortrijk which told then that under Belgian legislation they had a seven-day reflection period in which they could change their mind and revoke their payment. The Kortrijk office contacted its French counterpart in Lille and the French fraud office in Paris who eventually got the Degraeves back their money from the Limoges-based china company, "La Table des Césars", which from subsequent complaints lodged with Kortrijk and Lille still appears to be carrying out its marauding raids on Belgian consumers.

Traditionally, these consumer bodies are dispensers of data such as the vast array of comparative beer prices in northern France, Belgium and Kent open to anyone dialling into the ECIA computer in Lille. Increasingly, however, they are also having to double up as trouble-shooters. The five "jurists" in the ECIA office in Lille have, for instance, dealt with some 300 complaints in the first seven months of this year.

Figuring high among the purchasas which trigger French complaints about the Belgians are furniture, ready-mada verandahs, and second hand cars. Mrs Mireille Leroy, the ECIA's Lille director, says French furniture hunters tend to flock into Belgium "where the salesmen are good, warehouses are open on a Sunday, coffee and crèches are provided and people are sometimes ready to sign any old piece of paper". The upshot is that the Lille centre gets regular complaints about goods that are misdescribed or delivered late or not at all; one French buyer of a Flemish wardrobe found it was heavy in weight as well as style, being partly made of concealed concrete.

What makes these cases harder to resolve than the standard consumer disputes or frauds occurring inside EU member states is precisely the difficulties inherent in trying to pursue a foreign company in a foreign language through a foreign legal system. Sometimes the stake for individuals can be quite high. Mrs Leroy points to the case of soma French in Alsace who, she says, "have landed themselves deeply in debt by taking life insurance mortgages from Commerzbank which carry a tax advantage in Germany, but not in France". Generally, however, the sums of monay involved rarely justify an aggrieved consumer calling in a lawyer in one country, let alone in two countries.

The Brussels Commission is contemplating two measures to improve consumers' access to justice and to regularise guarantees. One is a plan for a standardised complaint form which, when duly translated, judges and consumer agencies around the EU will readily recognise and act on. The other is harmonisation of the diffarent legal guarantees offered by EU members. This basic right of redress, distinct from additional commercial guarantees offered by specific manufacturers for specific products, only lasts for six months in Germany, but for six years in Britain and Ireland.

This worry over what-happens-if-it-goes-wrong is, according to consumer surveys, what most often deters shoppers venturing over borders. Until this concern is eased, the single market will remain unexploited.

EU collective investment scheme laws 'a failure'

By Norma Cohen, Investments Correspondent

European Union legislation aimed at spurring a genuine cross-border market in collective investment schemes has largely been a failure, according to a new study.

Lipper Analytical Services, the US-based mutual fund research group, has concluded that just over a third of so-called Ucits – "undertakings for collective investments in transferable securities" such as equities or bonds – are genuinely marketed across European borders.

Roughly 38 per cent of the 5,436 Ucits are marketed outside the country of domicile of their promoters. A significant portion of Ucits are "round-trippers", Lipper Analytical said. This means they are domiciled in the low-tax centres of Dublin and Luxembourg but marketed exclusively into the country in which their promoter is domiciled, making them effectively low-tax domestic collective investments or "round trippers".

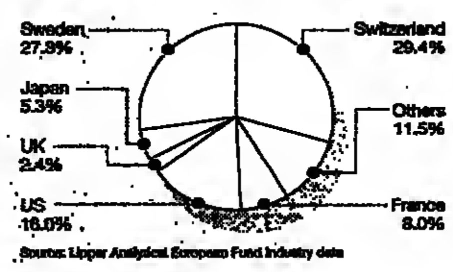
Of the 937 Ucits which have been notified for marketing in only one country outside their country of domicile, 608 can be identified as "round-trippers". Promoters of Ucits have to notify authorities in the countries they wish to sell but do not require their permission.

"If the question is "has the Ucits Directive succeeded in creating a single market for funds?" then the answer must be "No", says the report. Despite the common legal framework, each member state retains control over local fiscal and marketing policies. "Tax efficiency and effective distribution remain the major factors in determining the use made of the directive to market a fund to the investors resident in another state."

The report also found a large number of Ucits – 281 with total net assets of $13.1bn which are notified for sale in Luxembourg but are not sold in any other European country. Luxembourg has a population of only 375,000 and Lipper Analytical is sceptical that these are intended for domestic consumption. Instead, they are likely sold outside the EU.

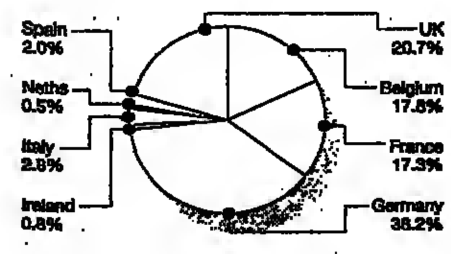
European Fund Industry Directory 1994, Special Report: Ucits, Lipper Analytical Services, 47 Maple Street, Summit, New Jersey 07901.

Breakdown of Ucits assets authorised in Luxembourg only by national interest
Total assets: $13.07bn



Source: Lipper Analytical European Fund Industry data

Round-trip Ucits by provenance of management group/promoter



INTERNATIONAL NEWS DIGEST

Price Waterhouse case ends in HK

Price Waterhouse, the international accountancy firm, yesterday settled out of court a HK$2bn (£158m) civil negligence case brought against it by the liquidators of Carrian Investments (CIL), the Hong Kong shipping and property group that collapsed in 1983 with debts estimated at HK$10bn. Details are being kept confidential. A statement issued on behalf of both parties by the accountancy firm said: "In agreeing the settlement, Price Waterhouse deny any liability. But in cases of this complexity, it is often in both parties' interest to avoid protracted litigation costs".

The agreement, reached within four weeks of the opening of the Hong Kong High Court hearing, obruptly ends a case it was thought would run six months. The CIL company was once Hong Kong's seventh biggest. Opening the case, Mr Christopher Carr, QC, representing the liquidators, alleged the auditors had failed in their duty to act as independent watchdog. At the end of 1981, he claimed, Price Waterhouse passed accounts stating pre-tax profits surpassed HK$700m, when, the court heard, the reality was a loss of more than HK$270m. *Louise Lucas in Hong Kong.*

Japan's pensions bill moves on

A bill to reform Japan's pensions system, to cope with tha fast growing number of elderly, was yesterday passed by the Diet's lower house. The scheme will raise pension premiums and gradually increase eligihle pension age from 60 now to 65 in 2013. By then, one in four of the population will be over 65, up from 12 per cent in 1990. Trade unions and pensioners' lobbies had objected to the increase in pension premiums included in the hill, but the government agreed to increase the pension premiums it contributes from the national budget.

To ease the transition, pensioners beneath the new starting age will get a partial hand-out, equal to roughly half a full pension. The basic monthly pension will rise, from Y206,300 (£1,305) to Y214,300 next year, to be funded by a rise in pension premiums from the present 14.5 per cent of salary to 17.35 per cent. The hill gives the government a mandate to raise premiums to a 29.6 per cent limit. *William Dawkins in Tokyo.*

Pyongyang N-costs set out

An international consortium will have to spend $4.5bn (£2.8bn) to dismantle North Korea's nuclear programme and replace it with new energy supplies and safer light-water reactors, South Korean officials said yesterday. Seoul is expected to support 55 per cent of the cost, with the rest split among the five UN Security Council members, and Japan, Canada, Australia and Germany.

Mr Han Sung-joo, South Korean foreign minister, said the project will include $3.5bn for light-water reactors, $500m for dismantling North Korea's nuclear reactors, $300m for interim heavy fuel oil supplies and $100m to run the consortium, the Korea Development Energy Organisation, in the next decade. South Korea is expected to finance its share from the national budget, with funds raised through sale of government stakes in listed companies or privatisation of state-owned companies. *John Burton in Seoul.*

Bangladesh crisis deepens

Bangladesh's parliament was summoned to meet on November 12 as the Commonwealth-brokered talks between the government of Prime Minister Khaleda Zia (pictured left) and opposition leaders resumed yesterday. Sir Ninian Stephen, a Commonwealth emissary, joined the talks aimed at ending the impasse created hy opposition damands for fresh elections under a non-partisan caretaker government. All 154 opposition MPs have boycotted parliament and staged rallies and general strikes since March to press for Mrs Zia's resignation and fresh elections. Mrs Zia, who came to power in 1991, was elected in polls which observers judged mostly free and fair. But the opposition parties, led by Mrs Sheikh Hasina's Awami League, claim they were rigged and say the government has interfered in subsequent local and by-elections. Sir Ninian, who arrived here a fortnight ago, has held a series of meetings with government and opposition leaders to aimed at narrowing their differences and ending the crisis. On Wednesday, he averted a hreakdown of talks between government and opposition leaders. *AP in Dhaka and Stefan Wagstyl in New Delhi*

Cambodian hostages 'dead'

A Camhodian who had spent two months translating for three Westerners held hostage by the Khmer Rouge said yesterday they were killed last month by a mortar round while on their way to be ransomed. Earlier, in Sydney, Australian Foreign Minister Gareth Evans said he had credible but unconfirmed reports that the Australian, Frenchman and Briton had been killed by a commander of the Khmer Rouge guerrilla gronp.

Australian David Wilson, 29, Briton Mark Slater, 26, and Frenchman Jean Michel Braquet, 27 were seized on July 26 in an attack on a train in southern Cambodia. The Khmer Rouge had demanded $150,000 (£93,700) for their release. The translator, Mr Hem Nen, said that a week after the transfer was to have taken place, guerrillas coming back from the front lines told him the hostages had been killed. "I investigated and the exact information is that the three hostages died," Hem Nen said. "But I don't know where they put the bodies. I didn't dare to ask them." In London, a British Foreign Office spokesman said there was no proof of the hostages' deaths; the UK government was doing its utmost to establish the facts. *AP in Chankar Dong, Cambodia.*

Problems left after HK airport deal

By Peter Montagnon, Asia Editor

The imminent agreement between China and Hong Kong on the territory's new airport will be an important symbolic breakthrough, but leaves a numher of questions unanswered, according to officials who have followed the talks closely.

The outspoken optimism of Mr Chris Patten, Hong Kong governor, in London on Wednesday night means there is little likelihood of a last minute snag, but signature of the framework agreement must be followed by specific subsidiary arrangements allowing the project sponsors to raise much-needed debt finance.

Mr Patten argued that these subsidiary agreements, which cover the relationship between the Hong Kong government, the Mass Transit Railway and the provisional airport authority would follow automatically. Some officials privately fear, however, that China could turn them into a new set of bargaining chips in discussions over Britain's handover of Hong Kong in 1997.

Nor would an airport deal necessarily imply a sudden and significant shift in China's underlying approach to Hong Kong. Mr Patten's offer earlier this month for Hong Kong officials to collaborate with the preliminary working committee, which China has set up to prepare for the handover of power, has met a stony silence from Beijing.

It would only become clear in the follow-up to a framework agreement on the airport how far the underlying climate has changed.

One view in Hong Kong is that the uncertainties generated by the ill-health of Mr Deng Xiaoping, China's supreme leader, make it difficult for Beijing to undertake any serious policy initiatives. If so, the timing of the airport agreement would mostly reflect the need for China to distance the move from the passage of Mr Patten's democracy legislation through the Legislative Council earlier this year.

It has been clear for some time that obstruction of the airport agreement would not lead to additional concessions from the UK. Beijing is also thought to have come under pressure from the business community to settle a dispute which has cast a shadow over the territory's credit rating.

Withont the delay, debt finance for the project could have been raised when interest rates were lower, Hong Kong officials say. Instead the government has continued to fund construction of the project so that only about HK$23bn (£1.8bn) of debt finance will now be required.

The final ratio of debt to equity will now be about a quarter compared to around half when the project started. But to raise this finance, the project sponsors need the subsidiary agreements which demonstrata to lending banks that they will be repaid out of project revenues after 1997.

UN in frantic effort to save elections

Renamo withdrawal confuses voters

By Peter Stanley in Maputo

Mozambicans went to the polls yesterday in the country's first multi-party elections in a state of confusion after the former rebel Renamo movement withdrew only hours before ballot stations opened.

A grim-faced Mr Afonso Dhlakama, Renamo leader, flew into the capital Maputo from the central port of Beira last night and announced that "the elections are false".

The elections had been intended as the culmination of a two-year peace process following the 1992 Rome Accord between Renamo and the Frelimo government which ended Mozambique's 16-year civil war. Just two days ago United Nations officials, who are supervising the exercise, expressed confidence that the Mozambican peace process was on the verge of producing an African success story.

Renamo's withdrawal did not prevent hundreds of thousands of Mozambicans from queueing up in order to cast their votes. In Maputo many voters expressed dismay at Renamo's actions, and feared the boycott could lead to violence.

Renamo has been alleging for weeks that the Frelimo government was planning to rig the vote, but few expected such drastic action the night before polling stations opened. Renamo officials said Mr Dhlakama had "come to the conclusion that free and fair elections are not possible until certain technical difficulties are addressed".

In the frantic bours which followed, Mr Aldo Ajello, the head of the 6,000-strong United Nations peacekeeping mission in Mozambique, as well as the Mr Brazao Mazula, president of the National Election Commission, pleaded with Renamo officials not to withdraw. They failed, and when the polls opened at 7am national radio was announcing Renamo's withdrawal.

In Maputo, thousands of people waited to vote in a subdued but calm atmosphere. Mr Mario Machungo, prime minister, described Renamo's actions as "undemocratic and regrettable". Voting is due to end today.

Renter adds from Cape Town: South Africa was in touch with all political parties in neighbouring Mozambique to ensure elections there stay on track, Depnty President Thabo Mbeki said yesterday. "What we are trying to do is to ensure that everybody stays in the process and everybody recognises the outcome of the election," Mr Mbeki told the senate.

"We are hoping that we will succeed in that because clearly as a country, we cannot afford to have another Angola on our doorstep."

In Angola, Unita rebels resumed their civil war two years ago when they lost elections to the government of President Jose Eduardo dos Santos. Renamo's Mr Dhlakama maintained, however, that the last-minute boycott by his party did not mean a return to guerrilla war.

See Editorial Comment

Mozambican women in the northern town of Nampula line up to vote yesterday AP

South Africa takes hard line on rent strikes

By Mark Suzman in Cape Town

In an attempt to ensure its national programme to build 1m houses over the next five years will be financially viable, South Africa's government has warned that peopla who boycott rent or mortgage payments will be evicted from their homes.

Addressing a national forum on housing in Botshabelo, near Bloemfontein, Deputy President Thabo Mbeki and Mr Joe Slovo, housing minister, said housing targets would not be met unless rent and service boycotts, which started as a way of opposing apartheid in the 1980s, were ended.

"Those of you who continue to think positively of the boycotts are stabbing in the back, not what you can call the enemy, but your brothers and sisters," Mr Slovo said.

The decision is politically controversial as it may require the African National Congress-led government to act against many of its political supporters.

But it is regarded as essential if the government is to have any hope of meeting the huge backlog in formal housing, estimated at 1.5m houses. At present, only about 30 per cent of township residents meet their bond or rent payments.

Mr Slovo used the summit to launch a national housing accord calling for a partnership between the private and public sector to help increase capacity in the construction industry and recommending that the government increase the Housing Ministry's share of the national budget from its present level of 1 per cent to 5 per cent.

The accord was endorsed by a broad range of township civic associations, trade unions, big banks and construction companies, as well as representatives from local, regional and national government.

The declarations follow the announcement last week that the government had struck a R2bn (£350m) deal with the private sector that will open up mortgage loans to the lower end of the housing market and appears to signal the government is at last ready to release its final blueprints for the housing programme, expected to be submitted as a White Paper to parliament shortly.

Several regional ministries have vigorously promoted a policy of building four-room houses for the country's homeless. Given its tight budgetary constraints, the government is expected to endorse a more limited "incremental approach" to the problem.

The government will focus on building fully-serviced, single-room houses that people can then expand by taking advantage of private-sector initiatives.

Zimbabwe condemns Oxfam report

By Michael Holman, Africa Editor

Oxfam, a leading British chority, faces possihle expulsion from Zimbabwe following an angry government response to the agency's criticisms of the country's health policy.

In a report* published this month, Oxfam accused the government of being partly to blame for a reversal of post-independence improvements in the nation's health by cutting spending and imposing user fees.

In parliament Mr John Nkomo, social welfare minister, condemned the Oxfam study as "misleading, unscientific, and deliberately mischievous". The report's "insinuations, distortions and deliberate falsification of figures are not acceptable."

Officials from Oxfam's headquarters in Oxford are now seeking an urgent meeting with the Zimbabwe government in an attempt to avert a confrontation.

The report also questions government claims that the country's structural adjustment programme makes adequate provision for protecting the health of the poor.

"Despite the mounting body of evidence showing a clear correlation between user fees and worsening health indicators, the government of Zimbabwe increased these fees and imposed more stringent conditions for their collection in January 1994," says the study.

Spending on health as a percentage of gross domestic product has fallen to 2.7 per cent, according to Oxfam, the lowest since independence in 1980. "Under pressure from the World Bank, the Zimbabwe government has increased expenditure since 1992," says the report, but notes "a nominal increase in the 1992-93 budget amounted a to a decline in real terms of around 20 per cent."

According to government officials, Oxfam's local representatives had earlier been summoned by Dr Timothy Stamps, health minister, to his office, where he is understood to have called for an apology and a retraction.

There is an overwhelming case for withdrawing user fees, says Oxfam: "Unfortunately the Zimbabwe government's policy is pulling in precisely the opposite direction, as witnessed by the sharp increase in user fees in January 1994."

Oxfam last night said it stood by the report. "Our primary concern is relief from poverty, therefore we cannot be expected to turn a blind eye to policies which result in the poor carrying the cost of macroeconomic adjustments, however necessary they may be," said Mr Stewart Wallis, the agency's overseas director.

**Paying for health: Poverty and Structural Adjustment in Zimbabwe, by Jean Lennock. Oxfam, 274 Banbury Road, Oxford OX2 7DZ*

Dependence on US leaves Kuwait few choices

Little remains of the Gulf state's policies from before the war against Saddam, says **RobinAllen**

President Bill Clinton's arrival in Kuwait today is designed to demonstrate the depth of US commitment to the Gulf state in the wake of the renewed military threats from President Saddam Hussein. But it also underlines the extent to which the latest crisis with Iraq has deprived Kuwait of what little freedom of choice it had left in international affairs.

In four years, Kuwait has passed from being o self-consciously assertive leader of all that was considered progressive in the Arab world, to a state whose survival depends on continuing US support.

The result has been a paralysis in policymaking on virtually oll Middle East issues. Officials appear to have no more original thoughts than would be expected were Kuwait's foreign ministry the Gulf branch office of the US State Department.

Far from regarding these developments as negative, Kuwaitis are basking in a new-found sense of security that officials are convinced is set to grow. The danger is that Kuwait's back-seat diplomacy will turn out to be as illusory as the image that it used to promote on the world stage.

Before August 1990, Kuwait was foremost in championing political and human rights for Palestinians; it was a leader of the non-aligned movement, spending generous foreign aid to win friends; it was a decade ahead of its partners in the Gulf Co-operation Council in opening diplomatic relations with the Soviet Union.

Today, little of these policies remain. The non-aligned movement is extinct, as is the Soviet Union. Foreign aid money that might have hought goodwill has left Kuwait with billions of dollars of non-performing loan assets, still listed in the State General Reserve Fund "for book-keeping purposes only," one government financial adviser says. As for the Palestinians, feelings against them run deep for what is still regarded as their "betrayal" in 1990 for supporting President Saddam.

Jordan's King Hussein is close behind. "If Saddam Hussein rates a five out of five on the harometer of mistrust, King Hussein gets a four," a senior foreign ministry official said. Others close to Kuwait's Emir, say this antagonism could change quickly under US pressure following Jordan's peace treaty with Israel.

In mock seriousness, senior officials suggest Kuwait still has five levels of foreign policy options. It can call on:

- Its own resources.
- Security arrangements with its five GCC partners (Saudi Arabia, Oman, Bahrain, United Arab Emirates and Qatar).
- The wider partnarship of the GCC, plus Egypt and Syria, through the so-called Damascus Declaration.
- The United Nations and the coalition of countries that came to its aid after the Iraqi invasion of August 1990.
- Bilateral defence agreements with the US and three other permanent members of the UN Security Council: Britain, France and Russia.

In practice, only the last two count for anything, and these are wholly contingent on a sustained US response to crises such as the one Kuwait has just faced.

"The deepest feeling among all Kuwaitis is their concern for survival," says Mr Abdalla Al-Nibari, a National Assembly member. "For this, we look to the US. It is unfortunate, but it is a fact." A European diplomat describes the way Kuwait has come to depend on the US as "first by necessity, now by conviction".

But there is a price to pay. "Kuwait better come up with more dollars and more soldiers," US Senator John Warner shouted into the microphone at the end of a recent press conference in Kuwait, a reminder of US congressional priorities and an outburst which embarrassed foreigners and left many Kuwaitis humiliated.

European diplomats argue that Knwait has become dangerously sucked into the US's "personalisation" of policy, which implicitly rules out having to deal with an Iraq controlled by Mr Saddam.

"We are small and cannot even protect ourselves against Iraq's power, so we cannot have any vlewa about the internal structure of Iraq," said Mr Sulaiman Majed al-Shaheen, foreign ministry under-secretary.

Periodic talka with iraqi opposition groups such as the London-hased Iraq National Council (INC) and the Washington-based Free Iraql Council (FIC) bove got nowhere. A senior official conceded that some members of the INC are "articulating a policy based on a constitutional monarchy in Iraq".

But Kuwait, he said, "doesn't care if Iraq's constitutional monarch is an Indian guru or a Hashemite, so long as their intentions towards Kuwait are peaceful".

Under US protection, Kuwait can afford the sama detachment concerning Iran. "Iran does not have any claim on Kuwaiti territory. Iran only wants to be number one among equals. Kuwait says we are all equal regardless of size," one official said. "We want the Gulf to be what it is: number one in the strategy of the big powers."

So Kuwait is content to leave its future in US hands. This back-seat policy is based on the assumption that the US is able and willing to provide open-ended guarantees for the security of Kuwait and the other members of the GCC. But in politics, as Senator Warner mode clear, nothing is certain.

Clinton supports Mideast bank

By Julian Ozanne in Jerusalem

President Bill Clinton has committed the US to support the creation of a Middle East development bank and announced fresh US aid as part of an increasing package of US financial support intended to underwrite Arab-Israeli peace.

In a speech to the Jordanian parliament on Tuesday Mr Clinton gave his administration's first public backing to the creation of a regional development bank to channel new investment and capital to projects.

Mr Clinton pledged that his government would take the lead in consultations with regional and other governments to ensure the development bank, which will probably start with a capital base of $10bn (£6bn), was properly structured.

Israeli officials who have promoted the idea of creating a regional bank said yesterday Mr Clinton's remarks would guarantee its creation and in effect over-ruled objections raised by the US Treasury, which had instead proposed creating a special window in the World Bank for Middle East projects.

Israel wants the US, Europe and Japan to provide 60 per cent of the capital of the development bank, with proportional representation on the board of directors, and expects a US citizen to be the bank's first president.

Mr Clinton also announced in Jordan that his government's Overseas Private Investment Corporation is establishing a $75m regional fund to encourage American private sector investment in joint projects between Israel and Jordan.

Mr Clinton said the US was committed to help Middle East peacemakers "write a real practical future of hope" and ensure that peace delivered real economic benefits to the citizens of the region. "If people do not feel these benefits, if poverty persists, breeding despair and killing hope, then the purveyors of fear will find fertile ground," Mr Clinton said.

An Israeli official said Mr Clinton's economic announcements showed that the president understood the political rather than purely economic imperative behind creating regional financial institutions.

Mr Clinton has underlined during his current Middle East tour the economic role the US is playing in the Middle East peace process. The US, Jordan and Israel have established a trilateral economic commission which has produced a master plan to devolop the Israel-Jordan rift valley into a "Valley of Peace" with projects in energy, desalination of water, tourism, transport, environment and industry.

Washington has begun writing off $700m of debt owed by Jordan to the US and Mr Clinton said in Amman he had pledged to forgive all Jordan's US debts. Mr Clinton said he had called on Jordan's other creditors to do the same and would help Jordan upgrade its military to give "you the security you deserve."

Last night Mr Clinton was expected to tell the Israeli parliament the US would maintain economic and military aid worth an anual $3bn and loan guarantees worth $2bn a year. He was also expected to announce a speeding np of additional US military transfers granted to Israel because of its recent peace efforts, inclnding a shipment of 50 F-16 fighter jets.

'Bio-piracy' costs Third World $5.4bn a year

By Frances Williams in Geneva

"Bio-piracy" is cheating developing countries and their indigenous peoples of $5.4bn a year, a UN-commissioned report*, published yesterday, claimed. This is the amount they would be entitled to in royalty payments if multinational food and drug companies paid for their plant varieties and local knowledge.

The report puts the value of Third World plant species to the pharmaceutical industry alone at more than $30bn a year It says that while more than 90 per cent of the earth's remaining biological diversity is located in Africa, Asia and South America, indigenous communities receivs no reward for the material and local knowledge taken from them.

This inequity is exacerbated by growing use of patents granting exclusive protection to companies and researchers in industrialised countries for material and knowledge coming from the developing world. Citing the example of patented seed varieties derived from varieties bred by farmers, the report says "indigenous farmers are finding themselves paying for the end product of their own genius".

The report, by Ottawa-based Rural Advancement Foundation International (Rafi) for the UN Development Programme, urges changes to rules governing ownership of biological materials and knowledge about them.

Ms Sarah Timpson of UNDP says the UN body has begun consulting indigenous peoples' organisations on strategies to preserve traditional knowledge and prevent exploitation.

The report cites more than 100 examples of developing country contributions to agriculture, food processing and pharmaceutical development in the rich nations.

They include Bayer's synthetic aspirin, the most widely used drug in the world, which is derived from a traditional Arab medicinal plant, Spiraea; steroid hormones made by Syntex derived from barbasco roots from Mexico; and a streptomycin-based antibiotic isolated from Argentinian soil which Mitsubishi has patented as an additive for animal feeds.

Admitting that piracy by developing countries of chemical and pharmaceutical patents may cost the industrialised world as much as $2.7bn a year, Rafi says this is far outweighed by the amount the Third World would be owed if it received just 2 per cent in royalties for global seed industry sales of $15bn, and 20 per cent for pharmaceutical products derived from indigenous plants.

* *Conserving indigenous knowledge: Integrating two systems of innovation. Available free from UNDP, Division of Public Affairs, One UN Plaza, New York, NY 10017, tel (212)906 5312 fax (212) 906 5367.*

HK tycoon plugs in to subcontinent

Wu mothballs China plans and signs $19.5bn power deals, writes Louise Lucas

The man who has taken up the World Bank's invitation to switch the lights on in India and Pakistan has been forced west by the prospect of diminishing returns in east Asia.

In a matter of weeks, Mr Gordon Wu, one of Hong Kong's more flamboyant tycoons, mothballed his plans to build and manage power stations across China and signed agreements for power projects in India and Pakistan worth about $19.5bn over ten years. He is already scouting the Indian subcontinent for more.

The Harvard-educated businessman had China firmly in his sights last year when he raised HK$5.94bn ($769m) with the flotation of the Consolidated Electric Power Asia (CEPA). This company, which was hived off from Mr Wu's flagship company, Hopewell Holdings, was sold to investors as a play on China's massive power requirements - a need on which China will spend some $120bn over the next decade to satisfy.

At the time of its December listing, CEPA boasted two China power plants, Shajiao B and Shajiao C, the latter of which is still under construction, and letters of intent for another 14. Of more importance to the investors who swooped on the new scrip, CEPA had the visionary Mr Wu and his "cookie cutter" approach to power plants - building a string of generators with the same design, thus bringing economies of scale, across China.

Mr Wu favours the build-operate-transfer (BOT) model whereby CEPA builds the plants, operates them for a specified period, and then transfers ownership back to the government. The anxieties of government (especially communist governments) are allayed by the fact that ownership ultimately returns to the state, while the company benefits from playing a raft of money-making roles: civil engineering, project development and project management.

However, these plans were scuppered earlier this year when it became clear China's reform-minded officials were starting to baulk at foreigners extracting robust profits from strategic industries and that a cap was to be placed on returns which could be netted on power projects.

In the absence of clear guidelines from Beijing, bankers and other industry players (not least those at CEPA) are still unclear as to the nature of this cap, which initially stood at 12 per cent but is now believed to have been lifted to 15 per cent. For example, it is not clear whether the rate of return referred to is on equity or capital employed.

CEPA promptly switched tack, and this year prefaced the deals in the Indian subcontinent with two in the Philippines and Indonesia. It is still pursuing a project in China, in the southern coastal city of Shenzhen, for four units of 660 MW. Mr Wu hopes to have a power purchase agreement from the Shenzhen authorities by early next year.

But the China experience has induced a wariness among the company's management. Although the India and Pakistan projects announced earlier in the month triggered a share price rally, directors are taking an untypically low-key stance.

For all the potential of the latest projects, they remain at the memorandum of understanding (MoU) stage. As one CEPA executive says: "An MoU could stay an MoU forever. This is what we have in China. We have lots of letters of intent, which are similar to MoUs elsewhere, and they are just paralysed and have been for almost a year."

Wu: higher rate of return

The India connection was brought about through the World Bank, and followed a visit in which Mr Wu put forward an initial proposal to build power stations. The World Bank had been urging CEPA to assess power station projects for some time, according to the company, but it postponed action because of the anticipated workload in China. Last month the invitation was taken up in style: an entire team of technical and commercial chiefs met Mr P.V. Narasimha Rao, prime minister, as well as representatives from the ministries of finance and power, and an MoU was issued.

However, CEPA is upbeat about opportunities for the power industry in the Indian subcontinent. On a per capita basis, India has a still bigger requirement than China.

In India, where there are as yet no stated guidelines, CEPA reckons it can squeeze an internal rate of return of close to 20 per cent, while in Pakistan the limit has been set at 18 per cent. The projects in Shenzhen, Indonesia and the Philippines are also expected to give returns over 18 per cent.

Assuming the proposed 16 units of 660 MWs in India go ahead, funding will come from a variety of sources, including the International Finance Corporation, which is affiliated to the World Bank, commercial bank loans and global equity markets - ultimately, each of the company's power projects is likely to be spun off as a separate listing, creating a string of CEPA subsidiaries and raising additional funds from shareholders.

At this stage, funding is a long way from being one of CEPA's most pressing concerns. The nature of powar plants means spending will be spread over 10 or 12 years. Meanwhile, there is the HK$5.94bn raised from the CEPA flotation - much of which was earmarked for the China projects.

That listing was itself controversial, as it in effect stripped the China and Philippines power station projects out of Hopewell Holdings, which was then on a price-earnings ratio of around 16 times (slightly higher than the Hong Kong market as a whole) and sold them back to investors packaged as CEPA, on a p/a ratio of around 39 times (in part a measure of the time lag before the power plants could start to produce big earnings).

However, the Hong Kong market at that time was awash with both liquidity and bullish sentiment, especially for anything with the word "China" prominent in the prospectus, and the HK$1.17bn public element of the combined offering was 45 times oversubscribed.

CEPA blames itself for failing to communicate better with these shareholders now that they complain they bought into a China stock that failed to materialise. Mr Ricky Lau, assistant to director Lawrence Miao, says the reasons for CEPA's recast focus were not well communicated to investors, but he believes this has now been rectified.

Moreover, he says, the Shenzhen project is still very much on the cards, a testimony to the growing autonomy of provincial governments in the southern coastal provinces.

Textile exporters hit at pace of reform

First steps in a 10-year programme to liberalise world textile and clothing markets agreed in the Uruguay Round of global trade talks will do little to open rich-country markets, Third World textiles exporters said yesterday, writes Frances Williams.

The International Textiles and Clothing Bureau, which groups 21 developing country exporters, noted "with dismay" that the three biggest textile and clothing importers - the US, European Union and Canada - had decided to start with products not currently subject to import restraints.

They "have hardly liberalised any significant MFA restriction on any developing country," the bureau said, referring to the Multi-Fibre Arrangement that now allows quotas on most Third World textiles and clothing exports to the industrialised nations.

Under the Uruguay Round accord, MFA importers must bring 16 per cent of textiles and clothing trade under normal world trade rules next January and another 17 per cent in January 1998.

The bureau calculates that, with more than a third of US and EU textile and clothing imports now unrestricted, they would be able to delay real liberalisation until the third stage of the MFA phase-out in seven years' time.

WORLD TRADE DIGEST

Genentech loses patent suit

A patent infringement suit filed by US biotechnology company Genentech against Sumitomo Pharmaceuticals, a unit of Sumitomo Chemical, has been rejected by a court in Osaka, according to Sumitomo. Genentech filed the suit in 1989 alleging Sumitomo copied the same genetic engineering techniques used to develop a tissue plasminogen activator (TPA) used to treat heart attack patients.

The court said techniques used by the two companies were not identical and it did not constitute a patent infringement. Sumitomo said it was unable to provide details of the ruling. The court and Genentech in Japan declined comment.

The controversy concerns amino acid sequences used to produce TPA by Genentech and Sumitomo. Sumitomo said its TPA was developed by Sumitomo itself before Genentech's genetic engineering techniques were made public. In 1992, Genentech won a similar suit against the Japanese company Toyobo over the same product. The court ordered Toyobo to stop producing its TPA. *Reuter, Tokyo*

Venezuela, S Korea in iron deal

South Korea's Hanbo, an important steel producer, has signed a letter of intent with Venezuela's CVG heavy industry group covering a $400m investment in new facilities for producing concentrated iron ore for export. Mr Alfredo Gruber, president of the government-owned CVG (Corporacion Venezolana de Guayana), said the two companies will study the construction of two plants in Venezuela, a $100m installation for concentrating iron ore and a $300m facility for converting the concentrated ore into pellets.

Venezuela, which has large reserves of iron ore, has been building its export capacity for pre-reduced iron ore in the form of briquettes and pellets. Sivensa, the country's largest private steel producer, is already the world's largest producer of hot briquetted iron. *Joseph Mann, Caracas*

Wartsila in Jamaica power pact

Finland's Wartsila Diesel Development is building a $96m floating power plant in southern Jamaica, and will sell the power to the national grid's state-owned operator. Construction of the 72MW plant begins next month and is scheduled for completion in September next year. The plant will be managed and the power sold by Jamaica Energy Partners, a Wartsila subsidiary. An explosion at the island's main power plant in June destroyed 120 MW of capacity, about a quarter of the island's needs. *Canute James, Kingston*

Intel in China accord

A unit of US chipmaker Intel has signed a co-operation pact with Jitong Communications an information and telecom vendor under China's electronics ministry. Under the memorandum of understanding, signed by Intel Architecture Development of Shanghai, Jitong will open an exhibition centre in Beijing to show Intel networking and personal conferencing products this year and later will be contracted as an authorised dealer for those products. Intel indicated the Jitong pact would lead to lucrative contracts in China's national data network development.

■ China has scaled back an order that all foreign-funded companies must set up state-controlled trade unions by the end of the year, but said those companies in flourishing coastal areas must still meet the original deadline. China's cabinet decreed in June that every foreign-owned or foreign-funded enterprise in China had to establish an affiliate of the federation before 1995. *Reuter, Beijing*

Gallup poll shows president's fortunes recovering as vote nears

Clinton rating gives boost to Democrats

By Nancy Dunne in Washington

US Democrats yesterday had some good news in their struggle to retain control of the US Senate and House in hotly contested mid-term races across the country.

A new Gallup poll showed President Bill Clinton's approval rating rebounding by 8 points to 48 per cent. However, it is unclear whether this will translate into support for Democrats on November 8. Many have been trying to avoid the president during their campaigning.

In New York state, support is slipping for Mr George Pataki, running to unseat Governor Mario Cuomo. Before leaving for the Middle East Mr Clinton campaigned hard for the governor, who got another boost from the endorsement earlier this week of New York City's Republican mayor Rudolph Giuliani, who is unhappy with his own party's candidate.

In Massachusetts, Senator Ted Kennedy, in the tightest race of his 32-year Senate career, surged ahead of his rival Mr Mitt Romney after a television debate on Tuesday.

Meanwhile in California, support has been ebbing for a controversial anti-immigration initiative, strongly supported by Republican Governor Pete Wilson and Congressman Michael Huffington. Both are in tight contests, Mr Wilson to keep his post and Mr Huffington to move to the Senate.

Proposition 187, the so-called "Save Our State" provision, will be on the California ballot. According to an independent poll published by the San Francisco Field Institute, support for the measure has dropped from 64 per cent in July to 53 per cent.

Immigration has become a "hot button" political issue in California and Florida. But many voters appear to believe Proposition 187 goes too far. It would deny non-emergency healthcare and social services to illegal immigrants and prohibit their children from going to California schools.

Mr Clinton has spoken out against the law, as has Mr Jack Kemp, a popular Republican conservative. Miss Janet Reno, attorney general, said yesterday it would probably be found to be unconstitutional.

"It doesn't make sense to turn school teachers and nurses into border patrol agents," she said. "It doesn't make sense to kick kids out of school or not give them immunisation."

Mr Huffington yesterday confirmed a published report that he had employed an illegal immigrant as a nanny for five years, even after he was sworn in as a congressman in 1993. Two appointees for attorney general in the early days of the Clinton administration were forced to withdraw their nominations because of similar accusations.

This was good news for Senator Dianne Feinstein, Mr Huffington's opponent, who has been moving up on him in the polls. Yesterday a spokesman for the Republicans accused Mrs Feinstein of the same violation. It was denounced as "an outright lie" by Mrs Feinstein's campaign manager.

Governor Mario Cuomo (left) has been boosted by the backing of New York City mayor Rudolph Giuliani AP

Tax vote turns off Philadelphia suburbs

George Graham on an account which Montgomery County's wealthy aim to settle

US MID-TERM ELECTIONS November 8

Even before Congresswoman Marjorie Margolies-Mezvinsky cast the 218th and deciding vote for President Bill Clinton's budget in 1993, she was the Republican party's top target for the November 8 congressional elections. Two years ago, she became the first Democrat since 1916 to represent her generally conservative district in Montgomery county, west of Philadelphia, winning by just 1,373 votes. But "the 218th vote" for a budget that raised taxes on high incomes seemed sure to doom her in these wealthy Philadelphia suburbs, where registered Republicans outnumber registered Democrats two to one.

Sure enough, Ms Margolies-Mezvinsky is trailing in her battle for re-election. But she is ecstatic about a local opinion poll that shows her winning 32 per cent of the vote against 39 per cent for Mr Jon Fox, the Republican county commissioner whom she defeated in 1992 and who is her opponent again this year.

"I should be 40 points down," she said after a raucous public debate with Mr Fox and two independent candidates near the county seat of Norristown this week.

The results show that even in the most hopeless of districts a good Democratic candidate with a strong campaign can stay within reach. They also show that, despite the Republicans' confident predictions that they are on the verge of taking over both the Senate and the House of Representatives, the Democrats' weakness is not the Republicans' strength.

"I voted for Marjorie last election and she was a total letdown. She didn't represent me on any of the issues I was concerned about," complains Mr Chris Zabala, who was particularly outraged by her vote to ban assault guns.

But Mr Zabala plans to vote for the Libertarian candidate, Mr Lee Hustead, who wants to abolish most of the US government, starting with the Federal Reserve, the Department of Health and Social Security and the Department of Education.

"Republicans and Democrats – I've had it with them," he scoffed.

Mr Bob Sambrick of Norristown also plans to vote Libertarian. "I'm looking for a candidate that's going to be for the people, and I haven't found one yet. I'm going Libertarian – any other vote except Republican or Democrat," he said.

Yet the howls of anger against the political status quo seem unlikely to translate into solid political results.

There are surprising numbers of self-proclaimed Libertarians on the streets of Norristown or Conshohocken, old industrial towns along the Schuylkill river with many of the problems of urban decay faced on a larger scale by nearby Philadelphia, but more scientific polling shows Mr Hustead winning just 4 per cent of the vote.

Nevertheless, 22 per cent of those questioned in this week's poll for the KYW radio and television stations said they were still undecided, and 40 per cent of those who expected to vote for Mr Fox were still not certain they would do so.

In a surprisingly large number of districts across the country, Republicans have chosen candidates who are poorly positioned to exploit the Democrats' weakness.

Some, like Mr Fox, are professional politicians ill-equipped to capitalise on voters' general frustration with politics as usual. Ms Margolies-Mezvinsky's television advertisements hit hard at the fact that Mr Fox has run for office 10 times in the past 15 years, and has run for four offices in the past four years.

Others, like Mr Rick Santorum, the Republican congressman who is trying to unseat Mr Harris Wofford, Pennsylvania's Democratic senator, are sufficiently extreme in their views to alienate a good number of voters in the middle. While Mr Santorum's opposition to even the most minimal controls on assault guns may play well in parts of the state, he stands well to the right of Republicans who have in the past won statewide elections in Pennsylvania, such as Senator Arlen Specter.

In Montgomery county, too, the two candidates are divided by gun control. Ms Margolies-Mezvinsky's support for a ban on assault guns wins her votes in wealthy suburbs like Narberth and Bryn Mawr, clustered along the Main Line railway into Philadelphia, and among Republican women who were crucial to her victory in 1992.

The National Rifle Association's endorsement of Mr Fox carries more weight further out in semi-rural areas like Skippack and Whitpain, where walled condominium housing developments with guards at their gates are sprouting among the horse paddocks and pumpkin fields.

But Ms Margolies-Mezvinsky still faces an uphill struggle if she is to confound the Republican congressmen who chanted "Goodbye Marjorie" as she cast the "218th vote" for Mr Clinton's budget last year.

Prudential Securities settles fraud charges

By Patrick Harverson in New York

Prudential Securities yesterday concluded an agreement with US government prosecutors to settle charges that it defrauded hundreds of thousands of investors in the 1980s who bought high-risk limited partnerships from the Wall Street firm.

The investors claimed that they were sold the partnerships by Prudential Securities brokers who did not inform them fully of the risky nature of the investments, many of which subsequently soured leaving investors nursing billions of dollars in losses.

Prudential has already agreed to pay compensation to the investors. Yesterday the firm agreed to deposit another $330m into the existing settlement fund, and the overall cost to the firm of the scandal, including legal fees, is believed to have topped $1bn.

Under the terms of yesterday's deal, Prudential has agreed to continue to co-operate with the government over settlement of investors' claims, and has admitted wrongdoing. In return, federal prosecutors agreed to dismiss criminal charges against the firm if Prudential Securities refrains from similar violations for the next three years.

Prudential Securities also agreed to take a number of steps to improve its internal supervisory procedures, including appointing a new outside director to the firm's board who will act as an ombudsman and provide quarterly compliance reports to the board's audit committee and the US government. The long-running scandal at Prudential Securities has cost the firm dearly. Aside from the money spent on legal fees and investors' claims, over 1,000 of its best brokers have defected to other firms.

US deaf to Cuban pleas on sanctions

By Pascal Fletcher in Havana

Cuban demands for Washington to start unravelling US transport, financial and trade sanctions against the island fell on deaf American ears during direct talks in Havana this week on immigration issues.

In a tactic that clearly exasperated the Cubans, the US firmly stonewalled all Cuban efforts to make the embargo an issue at the talks, which reviewed a September 9 bilateral immigration accord.

"I don't see how you can really proceed to an expanded programme of normal immigration if you have reduced flights and other restrictions," said Cuba's chief negotiator, Mr Ricardo Alarcón. He was referring to curbs on flights and dollar cash remittances to Cuba introduced on August 20 by President Bill Clinton to tighten Washington's embargo.

The US wants Cuba to introduce political reforms, such as legalising opposition parties, and to improve human rights.

The talks in Havana ended inconclusively on Wednesday night after three days. Both delegations said they were satisfied with the progress made in some areas, such as the US commitment quickly to introduce accelerated visa procedures to grant a minimum of 20,000 entry visas to Cubans each year.

The US delegation leader, Mr Dennis Hays, said Washington had reinforced its consular staff at the US Interests Section in Havana to speed the visa processing.

Mr Alarcón said the talks had identified some problem areas that still needed to be resolved. He gave no details but differences had emerged during the discussions over exactly how to deal with 32,000 Cuban refugees sheltering at US safe havens at Guantánamo Bay in eastern Cuba and in Panama.

Washington has said the refugees, who fled Cuba in boats and flimsy rafts in August and September but were barred from entering the US, can benefit from the expanded visa opportunities, but only if they return home first.

Both sides were clearly anxious to avoid any moves that would trigger a repeat of the dramatic refugee exodus halted by the September 9 accord.

Meanwhile, Wednesday's overwhelming but widely expected United Nations General Assembly vote against the US economic embargo on Cuba was being hailed by the Havana government yesterday as a diplomatic triumph.

It was the third consecutive motion of its kind by the world body. It was passed by 101 votes in favour and two against, those of the US and Israel. There were 48 abstentions.

"The vote.... is a reminder to the Clinton administration of just how isolated it is in this policy," Mr Alarcón said.

AMERICAN NEWS DIGEST

Travel agents row diffused

The anti-trust division of the US Justice Department has announced an agreement which would end a threat by travel agents to boycott airlines, car rental agencies and other service providers which do not agree to pay specific minimum commission levels. The Association of Retail Travel Agents, a group representing 2,000 travel agents, had adopted a set of "objectives" which included minimum commission levels and other demands, according to the Justice Department. The association said it would cease doing business with travel providers who did not agree to the "objectives."

The Justice Department, which instituted legal action against the proposals, filed a proposed settlement in a Virginia court this week which would force ARTA to drop the threats and require it to conduct periodic reviews of anti-trust requirements with its officers and directors.

Ms Anne Bingaman, head of the anti-trust division, said: "Trade associations of competitors can and do serve many useful pro-competitive purposes, but they may not act as joint bargaining agents for their members to coerce suppliers or customers." In the US travel agents are paid commissions by airlines, hotels, car rental companies, cruise lines and other travel service providers. *Nancy Dunne, Washington*

Overseas forces to be cut

The US will end or reduce military operations at an additional 27 facilities overseas, mostly in Germany, as a part of continuing post-Cold War defence cuts, the Pentagon said yesterday. The cuts are at 24 sites in Germany, two at Lajes Field in Portugal's Azores islands and one at a radar site in Iceland, according to the announcement.

The announcement of 21 closures and six reductions brought to 871 the number of US installations in Europe where operations are being ended, reduced or placed on stand-by status. The latest reductions will affect nearly 2,000 US military personnel, 600 US civilian employees and 1,700 local workers at the 27 facilities. *Reuter, Washington*

IMF, World Bank reform talks

The House Banking Committee and its subcommittee on international institutions yesterday said they would host a meeting of foreign parliamentarians on reform of the World Bank and International Monetary Fund. The parliamentarians invited on November 21 will be those who oversee the international institutions in their own legislatures. Acceptances have been received thus far from the UK, Ireland, France, Germany, Argentina, Costa Rica, Venezuela, Canada and Australia.

Mr Michael Bruno, chief economist at the World Bank and Mr Jeffrey Sachs, Harvard economics professor, will be included on a panel of experts invited to discuss current efforts to open the IMF and World Bank to public scrutiny. The meeting will also consider the institutions' effectiveness, particularly in alleviating poverty. The reform effort has been led in the US by Congressman Barney Frank, a Massachusetts Democrat, who has pushed through legislation requiring US executive directors to make a borrowing country's observation of international labour standards a lending condition. *Nancy Dunne, Washington*

Haiti election delay likely

Elections of more than 2,000 state and local officials originally planned for December will probably be delayed until January, Mr Louis Dejoie, Haitian Commerce Minister, said yesterday. Mr Dejoie, head of the centrist PAIN party, said there would be no time to organise and plan the balloting for mayoralties, local councils, all 83 members of the Chamber of Deputies and nine of the 27 members of the Senate.

"I doubt they can be held in December," Mr Dejoie said after talks with President Jean-Bertrand Aristide and other political leaders. "They don't have the time put things together." Mr Dejoie and heads of 16 other political parties met the president at the National Palace yesterday. A further meeting is scheduled for November 3. *Reuter, Port-au-Prince*

Chrétien warns of break-up

Canada could fall apart as a country if Quebec votes for independence in a referendum next year, according to Prime Minister Jean Chrétien. Mr Chrétien has in the past tried to minimise the potential fallout if the separatist government in French-speaking Quebec wins a referendum on independence from Canada promised before the end of next year.

"Canada will have a big problem to survive," Mr Chrétien, a native French speaker, said in an interview broadcast late on Wednesday from Vancouver. The separatist Parti Québécois won the provincial election in Quebec in September, but with less than half of the popular vote. In the interview, Mr Chretien also repeated his often stated belief Quebeckers will vote to stay in Canada. Former prime minister Joe Clark also warned recently that the rest of Canada could break up if Quebec separates. *Reuter, Ottawa*

Back on its feet, Argentina casts aside its financial props

Menem's administration has certainly transformed the economy but the emergence of a budget deficit is causing some concern, writes **David Pilling in Buenos Aires**

In seeking to explain why Argentina had recently turned down International Monetary Fund loans worth $400m, President Carlos Menem chose the image of a baby finding its feet. "You've seen how a child is given a walker to help him learn to walk. Well Argentina is already up and walking," he said. "We simply did not need these credits."

Other commentators, however, have speculated that Argentina chose to cut off IMF assistance in order to avoid too close scrutiny of its public accounts, particularly in relation to the recent emergence of a budget deficit.

"The withdrawal from the extended facility agreement, due to the impossibility of meeting the goals for the public sector fiscal surplus, revealed (brusquely for some) that, in the economic arena, a new era has begun," says a recent report from economic consultant Mr Rodriguez Giavarini y Asociados.

After more than two years of being in the black and a 1994 first-half primary surplus, excluding privatisations, of $2.4bn, Argentina's fiscal position has begun to deteriorate. Earlier this week, Mr Domingo Cavallo, the economy minister, announced that the third-quarter primary surplus had shrunk to just $9.7m, representing a deficit of $665m after interest payments.

The announcement contributed to a one-day fall of 3.15 per cent on the Merval selected share index. "There are clouds on the horizon. What was a surplus of nearly $500m a month is probably going to be a deficit throughout the whole second half," says Mr Javier Fraga, managing director of the Argentine Institute of Capital Markets.

Much, though not all, of that weakening is related to social security spending. But Mr Cavallo denies that monthly revenue shortfalls of about $180m a month – provoked by the recent shift of 2m workers from a pay-as-you-go system to a private capitalisation scheme – are to blame.

This funding gap was budgeted for, he says. What has come as a surprise has been a series of court rulings in favour of retired people demanding higher pensions. The court decisions, which Mr Cavallo believes may open the floodgates for thousands of other claims, could add hundreds of millions of dollars to government expenditure. They have also undermined the governing Peronists' attempts to limit the pensions bill, which accounts for nearly half the federal budget.

"If this spending continues we will have problems," says Mr Cavallo, who has sought to curb judges' generosity by raising the spectre of renewed inflation should expenditure get out of hand. "We have been using the surplus of the first half to finance the $600m deficit of the third quarter," he says.

Mr Cavallo may find his efforts to put a lid on spending particularly difficult given that general elections are only seven months away. Provincial governors are not likely to curb their demands for extensive, voter-friendly, public works programmes.

Difficulties have been compounded by a drop in the collection of value added tax and customs revenue, partly as a result of tax rebate measures intended to help exporters. In September, total tax collection fell by 3.4 per cent against the same month in 1993.

Mr Cavallo is again unrepentant, saying that lowering payroll taxes is essential to boost competitiveness. "Of course it may look a bit risky because, just on a purely fiscal evaluation, it could be safer not to reduce tax rates and collect more revenue.... But we are convinced that every time we create a surplus there will be more pressure to spend it."

Nevertheless, the combination of falling income and higher expenditure has forced Mr Cavallo to ast Congress to amend the 1994 budgat, authorising extra spending of $1bn-$1.5bn. He will also push for measures aimed at limiting future pensions payouts, forcing "an interpretation of the law that is in line with what is feasible from a financial point of view".

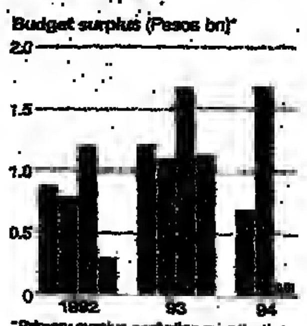
Says Mr Daniel Artana, economic consultant at the Foundation for Latin American Economic Investigation: "It is the first time that Cavallo has retroactively changed the budget. This is a bad sign, but he has little alternative."

Mr Artana believes, however, that the government's difficulties are temporary and not structural. "We are in a more fragile situation than we used to be, especially on the fiscal side. But everyone tends to exaggerate, including Cavallo."

Mr Miguel Angel Broda, head of the Broda economic consultancy, agrees that it is important to keep things in perspective. Argentina is moving from one of the strongest fiscal positions in the world to a slightly weaker one, he says. The break with the IMF was almost inevitable, given that "everybody looking at the fiscal goals for 1994 [a total primary surplus of $3.9bn] knew that it was going to be difficult to meet the second-half targets."

Argentina

Budget surplus (Pesos bn)*



*Primary surplus excluding privatisation receipts Source: Ministry of Economy

Mr Fraga goes one further: "I congratulate the government for seeking a reasonable fiscal position and not the exaggerated one asked for by the IMF."

Mr Cavallo is not overly worried by the emergence of a deficit. "We had planned a half per cent surplus in 1994, but now we think that we will have a balanced budget for the year."

Mr Menem, too, displays confidence. "We have only received congratulations from the IMF," he says. "We are now a country that is growing, producing and progressing."

Certainly, few would dispute that Mr Menem's administration has successfully hauled the country out of the economic ditch of instability and hyperinflation. But now that Argentina is on its feet – and walking on its own – all eyes will be watching to make sure that it does not stumble.

Opel is going global.
So now we're the best way
to travel from A to B,
अ to ब,
A to Б,
อา to เป,
α to β,
ا to ب,
这里 to 那里,
and そこ to あそこ.

Wherever your travels take you, don't be surprised when you see an Opel.

Because Opel-developed cars are now being made and sold throughout Eastern Europe, Africa, Asia, and Central and South America as well in our more traditional markets (as if being number one in Western Europe with the technically identical Opel/Vauxhall range wasn't enough !)

In recent years, we've opened manufacturing or assembly plants in such diverse places as the former East Germany, Hungary, Turkey, and Taiwan. A joint venture with Indonesia has just become operational and our plant in Brazil is working flat out to meet demand for the Opel-developed cars which it produces.

In Poland, the countdown has begun for the opening of our new assembly plant there on November 5th. Looking further ahead, we plan to begin production in Mexico next year and in India the following year.

Meanwhile, in Europe, we are capitalizing on the increasing awareness of Opel by synergising the name under which we operate. Thus, in all continental European countries, we will be known as "Opel" followed by the name of the country e.g., Opel France, Opel Spain, etc. This will make us instantly recognizable to consumers everywhere, and further strengthen the Opel brand name.

We believe that this type of globalization is necessary if a major company is to prosper in today's markets.

And, of course, it all goes to show that top quality products and ideas will succeed anywhere in the world.

Especially if those products are developed by Opel.

OPEL

Accord on N Ireland in doubt, says minister

By David Owen in London and James Murray-Brown in Dublin

The government yesterday warned it might be unable to agree with the Republic of Ireland on a document to form the basis of a durable political settlement in Northern Ireland.

The note of caution came from Sir Potrick Mayhew, Northern Ireland secretary, as a senior Sinn Féin figure warned the peace process could break down if London insisted on paramilitary groups surrendering their weapons before agreement on political structures was in sight.

Mr Mitchel McLoughlin, Northern Ireland chairman of Sinn Féin, the IRA's political wing, said such a stance would threaten the "very fragile consensus."

He was speaking on the eve of Sinn Féin's first meeting with the republic's main political parties in the Dublin-based Forum for Peace and Reconciliation.

Adopting a conciliatory tone in a speech in Dublin last night, Mr Gerry Adams, Sinn Féin president, said the forum should be used to "convince the unionists that they have nothing to fear, that peaca need not be unobtainable, or impracticable and war need not be inevitable." Sir Patrick, speaking in the first House of Commons debate on the province since the IRA and loyalist ceasefires, said he "greatly" hoped London and Dublin would reach agreement, but "it is not certain."

His tone was less upbeat than that of Mr John Major, the prime minister, after talks with Mr Albert Reynolds, his Irish counterpart, on Monday. Mr Major said after the talks: "No one is dragging their feet and we are both confident of being able to reach agreement."

Sir Patrick reaffirmed the UK government's readiness to hold preliminary talks with republican leaders by the end of the year if London could continne "reosonably" to assume Sinn Féin was "establishing a commitment to exclusively peaceful methods."

They would "ambrace the republicans' proposals for depositing and decommissioning their armamants," he said.

Sir Patrick sought to reassure unionists by saying there wera no circnmstances in which security maasures would be reduced to o level below that needed to counter the threat of "terrorist crime." He hinted that the British army would not leave the province even if violence ended for good. "There are garrison towns and stations throughout the UK."

A small piece of history will be made in Dublin today when Sinn Féin, the IRA's political wing, meets the Irish Republic's mainstream political parties for the first time as the Forum for Peace and Reconciliation gets under way.

The 35-member forum will include Northern Ireland's moderate nationalist Social Democratic Labour party and the province's small, non-sectarian Alliance party. But with no formal representation from Ulster's majority unionists, the forum has already been dismissed as a pan-nationalist front. If there is to be a reconciliation it will be between the fractured parties of Irish repnblicanism, rather than Ireland's two religious traditions. Mr Albert Reynolds, the Irish prime minister, is the key mover behind the forum. He sees o real urgency to rehabilitate tha reformed hardliners of Sinn Féin and a danger that tha peace process could unravel if this is not achieved.

BT ready to sell cable-laying unit

By David Goodhart, Labour Editor

British Telecommunications is expacted next week to announce the sale of its offshore cable-laying division – BT Marine – to Cable & Wireless, one of its main international competitors.

The deal is likely to have implications for C&W's industrial relations policies.

BT Marine, which employs ahout 450 people, owns six ships, and has a record for technical innovation in the field of cable laying, is fully unionised and covered by collectiva bargaining. But in many of its worldwide operations C&W does not recognise trade unions.

The main union in BT, the National Communications Union, opposes BT's policy of selling off peripheral husinesses and is not likely to be happy nbout a sale to C&W.

However, C&W is currently seeking to improve its image with trade unions as it attempts to ostablish more joint ventures with many of Europe's national telecommunications groups.

All of those groups are strongly unionised and in many countries the unions have considarable influence over corporate decision making. Last year the Communication Workers Union in Ireland lobbied hard to stop Telecom Eireann signing a joint venture with C&W. Mr David Begg, the Irish union's general secretary, said yesterday that the decision to oppose C&W was taken partly on strategic grounds and partly because of the company's world-wide record on union recognition.

A spokesman for C&W rejected the allegation tbat C&W was anti-union. "In 50 per cent of our 60 companies around the world we recognise a trade union or staff association."

Walkers set out along Hadrian's Wall, the barrier erected by the Romans to mark the boundary both of their empire and of its province of Britain. The government yesterday approved plans for an 81-mile trail alongside the wall in the face of protests that a "pedestrian motorway" would be created through a World Heritage Site full of archaeological treasures

Big Mac creators turn to humble pie

By Richord Donkin

One of the world's best-known companies yesterday admitted to making a big mistake when it unveiled a secret weapon to take on the UK's supermarket chains.

McDonalds, the hamburger chain that brought the world the Big Mac, thought it was un to another winner when it annonnced the new product to its expectant staff.

Enter the McPloughman's, a cheese, pickle and salad sandwich launched in central London three yeors ogo. Mr Paul Preston, president of McDonalds in the UK, said at a conference of the Institute of Personnel and Development that the McPloughmon's wos devised to compete in the cold sandwich market with supermarket chains.

Instead of applauding this marketing innovation, however, staff were unimpressed. Mr Preston admitted: "If we bad done our homework we would have found that our customers didn't want the product and our staff were embarrassed even to have to say McPloughman's, let alone to have to sell it to our customers." He added that if the company had carried ont some market research with customers "we would bavc found that this was not a highly desirable product."

When it did survey customer attitudes, it found even more shocks were in store. Customers, he said, told them they were "Loud, hrash, American, successful, complacent, uncaring, insensitive, disciplinarian, insincere, suspicious and arrogant."

"We thought we knew about service – get the order into tha customer's hands in 60 seconds – that was service. Not according to our customers. What they told us we were giving was horrifying."

He said: "What we had failed to see was that our customers were now veterans in the quick service market and their expectations had gone through the roof. What was revolutionary in the 70s was ghastly in the caring 90s."

Head of central bank says inflation threat is being exaggerated

Markets reproved for pessimism

By Philip Gawith

Financial markets are too pessimistic in their outlook on inflation, Mr Eddie George, governor of the Bank of England, said yesterday.

Speaking first to a financial markets conference in London, and later to a group of businessmen in Birmingham, Mr George stressed the message that markets were exaggerating the inflationary threat, and the likely interest rate rises needed to combat it.

He said: "There are a number of reasons for supposing that the effect of the economic expansion on inflation could be less in the present upswing than it has been in the past."

Analysts said tha governor's comments suggested that the Bank's quarterly inflation report, to be released next Tuesday, was unlikely to contain any unwelcome surprises about inflation pressures in the economy.

The likelihood of a rise in interest rates after the monthly monetary meeting between the governor and Mr Kenneth Clarke, the chancellor of the Exchequer, next Wednesday would also appear to be reduced.

Mr George lent substance to this view in his Birmingham speech, delivered last night. He said: "There are relatively few immediote signs that inflation is obout to pick up strongly." He stopped short, however, of ruling out another increase in rates.

Short sterling futures, which reflect the market's view on prospective interest rates, firmed yesterday, showing less pessimism about the extent to which rates would have to rise.

The governor received some support from Mr Kenneth Clarke, the chancellor. He told parliament during question time: "We will be able to keep interest rates down . . . if we act in good time, if our fiscal policy is sound, and if we keep on the course that we have now set." Mr George's speeches trod o careful line between stressing the Bank's willingness to act early to curb inflationary pressures while also making clear that the markets were too hearish in their inflation outlook.

In his London speech the governor tackled the issue of why global bond yields had risen so far this year. He concluded that the "most important influence" had been the increasing evidence of recovery and expansion in tha industrial world.

Employers' group worried by pay rises in manufacturing

By David Goodhart

The Confederation of British Industry, the largest UK employers' organisation, yesterday reinforced its recent warnings obout the upward drift in pay settlements.

It said Britain was no longer matching the pace of efficiency improvements in the US and Germany, which are experiencing unit labour cost falls of 2 and 3 per cent per year.

The CBI said its research showed that UK manufacturing pay awards had risen to 2.9 per cent in the third quarter of the year.

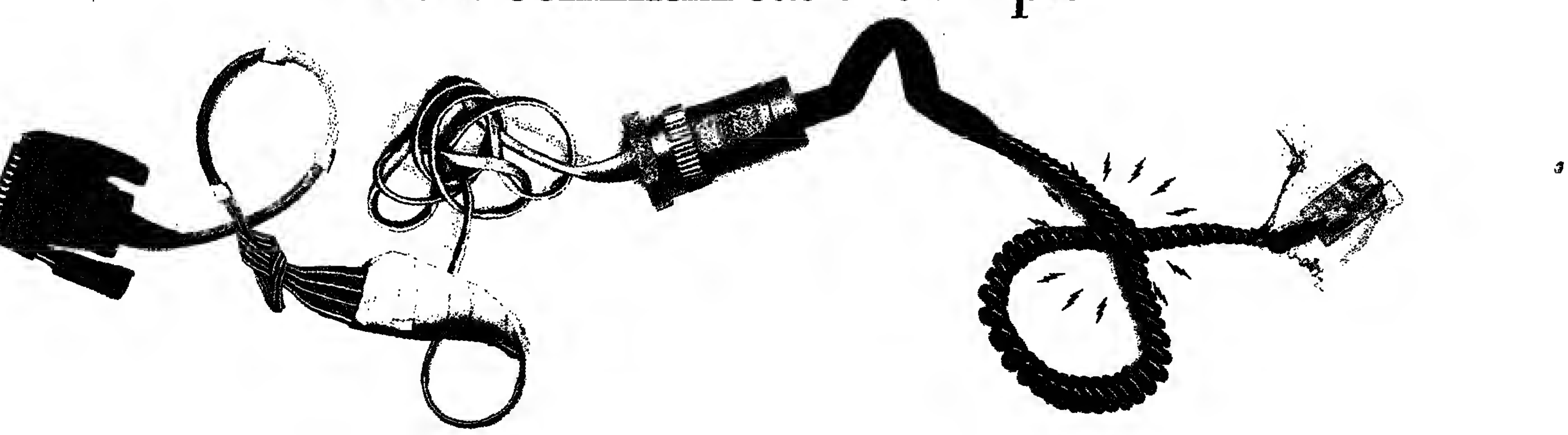
The latest figure compares with 2.6 per cent in the first quarter and 2.8 per cent in the second, but comes against the backdrop of a 10 per cent-plus award over two years for most workers at the Rover car company and the rejection of a 7.5 per cent offer over two years at Jaguar.

Pay owards in service companies also rose slightly from an overage of 3.3 per cent in the second quarter to 3.4 per cent in the third quarter.

But the CBI says that just under one in five manufacturers and one in nine service companies are operating pay freezes for periods of up to 12 months. Mr Howard Davies, the CBI's director-general, warned: "While the increase in pay awards is marginal, the slight upward shift over the last six months gives cause for concern."

Productivity expectations suggest tbot unit labour costs are continuing to fall with an average increase in productivity of fiva per cent expected over the coming 12 months.

He said the latest figures showed the importance for managers of curhing the "upward creep" in pay awards in the coming year while keeping tight control of all other employment costs.



Flagging tourist trade resorts to tea

By Michael Skapinker, Leisure Industries Correspondent

Sell Britain as a modern society and the Americans will stay away. Stress tea parties rather than castles if you want to attract the Japanese. And do not mention the word "Britain" to the Irish. Urge them to come to England, Wales or Scotland instead.

These are some of the conclusions reached by tha British Tourist Authority, which has been conducting market research into how to reverse the fall in the UK's share of the world tourism market.

Although a record 19.2m foreign visitors came to the UK last year, Britain's share of world tourism earnings fell from 6.7 per cent in 1980 to 4.3 per cent in 1993.

The authority interviewed peopla in Chicago, Los Angeles, Miami and New York in an attempt to decide whether it should project the UK as a modern society rather than one steeped in history. The answer was a categorical 'no'. Americans told researchers thet Britain conjured up images of bobbies, barristers in wigs, Big Ben and Westminster Abbey – and they wanted it to stay that way.

British hooliganism has apparently made little impression on the US public. One respondent said he found the prospect of visiting the UK daunting because he would have to be on his best behaviour.

Research in Japan found that Britain's image was too masculine, making it it difficult to attract the growing number of Japanese women travellers. Mr Keith Beecham, manager of the anthority's Tokyo office, said that in selling Britain to the Japanese, the BTA was concentrating on afternoon tea.

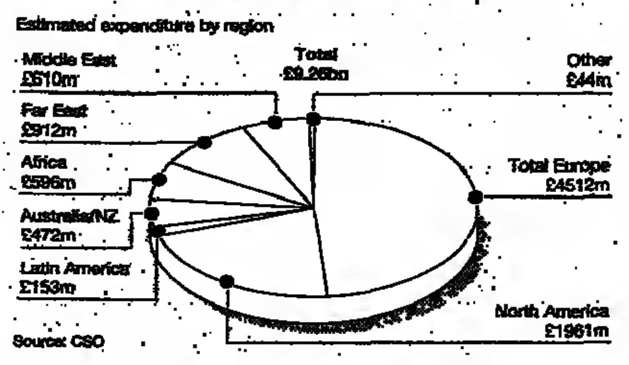
He said: "The Japanese tend to associate Britain with heroic, masculine castles. Our campaign is designed to create a softer and more feminine feel – quaint country house hotels: green landscapes. Afternoon tea is the ideal vehicle."

The authority placed a two-page advertisement in a Japanese newspaper inviting people to a British tea party. Despite telling them they would have to pay for this privilege, the authority recaived 18,000 replies. It selected 1,000 winners by lottery.

Lex, Page 20

Where the tourist spending comes from

Estimated expenditure by region



Source: CSO

Lloyds chief says bank staff face upheaval

By Richard Donkin

Britain's financial services industry is facing an upheaval on the scale already experienced by manufacturing industry, Sir Brian Pitman, chief executive of Lloyds Bank, said yesterday. Some 160,000 jobs had been lost in financial services in the past five years, and the competitive environment was going to become tougher still, he warned.

Banks would be unable to award automatic pay rises if they were to survive in the increasingly competitive market. He predicted further rationalisation among bank branches that was likely to cause unrest among employees. "We hava to be prepared in top management for massive resistance in this change," he said. Sir Brian was speaking at the annual conference of the Institute of Personnel and Development.

"It is vital that top management is completely honest with employees," he explained. "You have to dampen down their expectations." Sir Brian said that low inflation would mean low demand for loans. Inflation would no longer bail out poor advances on property, so that banks would need to manage their business more rigorously.

"Many people have grown fond of inflation," he said. "Annual pay rises and rising house prices make people feel good, even if they mean little in reality. In future the only good reason for a pay rise will be an increase in a firm's productivity or the performance of an individual team."

Widespread overcapacity at a time of low growth, he said, might produce unprecedented levels of competition in which only the most productive companies would survive. That would bring enormous change.

"Having joined banking in the expectation of job security and steady career progression, many are now faced with branch network rationalisation, job losses and general uncertainty," he added.

The Bifu trade union criticised Sir Brian. Mr Ed Sweeny, deputy general secretary, said: "He should stop, look and listen to what his staff and customers are saying. The opprobrium heaped on the banks during the last few years show they are out of step."

Minister backs unleaded fuel

By Charles Batchelor, Transport Correspondent

The government yesterday reaffirmed its advice to motorists to use unleaded petrol despite criticism from MPs.

It also said there was no evidence that super-unleaded petrol contributed significantly to total levels of benzene, which can cause cancer, though it would keep its use under review.

This sets the government in conflict with the transport committee of the House of Commons and with the Royal Commission on Environmental Pollution, which reported on Wednesday. Both urged bans on the use of super-unleaded because it contains high levels of benzene.

The government and the two reports draw different conclusions from research into the impact on health of the constituent parts of unleaded fuel. Mr Robert Atkins, environment minister, said in the House of Commons yesterday that the government advised motorists to switch to unleaded petrol. Those already using unleaded should continue to do so.

"There is no credible evidence of any significant differences in emissions of benzene between non-catalyst cars running on leaded and premium unleaded petrol," he commented.

Nor was there evidence that use of super-unleaded petrol contributed significantly to total concentrations of benzene. Super-unleaded comprised 5 per cent to 8 per cent of the market, and its share was declining, he added.

Mr Atkins said benzene levels in the UK were below the five parts per billion recommended by government experts.

The committee of MPs said on Tuesday thet the sale of super-unleaded petrol should be banned.

Exam reform given go-ahead

By John Authers

Sir Ron Dearing, the government's chief adviser on the school curriculum, yesterday received the go-ahead from the government for a sweeping review of the system for grading GCSE exams, taken by all 16-year-olds in England and Wales.

He has unveiled a range of measures to be implemented by the end of the present school year, when the next GCSEs are to be taken, and is also examining more radical measures for the future.

The immediate measures are:

- Ensuring that the rules for determining grades are clear, consistent and robust.
- Improving communications between examining groups.
- Producing national sets of candidates' work to help define grade standards in key subjects.
- Introducing piloting of any major changes to awarding schemes.

Sir Ron was given leave to investigate GCSE marking by Mrs Gillian Shephard, the education secretary, after discrepancies emerged in the marks different examination boards required to gain B and C grades in mathematics and science. Sir Ron also suggested thet in the longer term a national archive of GCSE papers should be set up to guarantee greater consistency in marking between examination boards.

The Southern Examining Group – one whose results showed a change in the proportion of B and C grades in maths and science – said: "We already have the most closely monitored exam system in the world. But there is nothing wrong with taking a Rolls-Royce and putting an even better stereo system in it."

UK NEWS DIGEST

Getty Museum loses appeal over sculpture

The Getty Museum of Malibu, California, yesterday conceded defeat in its efforts to acquire and display Canova's sculpture, the Three Graces, which has been held in the UK since the museum bought it for £7.6m ($12.0m). Mr John Russell, a representative of the museum in London, said a ruling yesterday by the UK Court of Appeal was "the end of the line" because there was no right of appeal to the House of Lords.

The court rejected an attempt by the museum to challenge a decision by Mr Stephen Dorrell, heritage secretary, extending time for raising purchase money in the UK. The museum has been waiting since 1989 to take possession of the sculpture. Successive ministers have delayed granting an export licence in the hope that the work could be kept in Britain. Yesterday's court decision opened the way for the Victoria and Albert Museum and the National Gallery of Scotland to make a matching offer.

"We are naturally very disappointed," Mr Russell said. Everybody knows the museum has been treated unfairly." He added that the museum would now review its policy on the buying of works of art in the UK.

Heaviest coin may go

The Royal Mint yesterday launched a consultation programme to poll views on producing a smaller 50p coin and introducinga £2 coin for general use. The only £2 coins now available are commemorative issues. More than 1,000 organisations have been asked to comment by the end of the year on changes that might even involve withdrawing the 50p and 2p coins.

Mr Roger Holmes, chief executive of the Royal Mint, said: "The 50p coin is simply the heaviest coin in Europe and uses the most metal. But we are oot making any proposals aboot it or the £2 coin as such; we are just looking to see what the public wants."

Censor delays film

Distribution in the UK of the film Natural Born Killers, directed by Oliver Stone and starring Woody Harrelson, is being held up by scrutiny by official censors. So far no decision has been taken on whether to ban the film, which tells the story of a couple committing a series of murders and then being lionised by the media.

The film has been showing in the US for 15 weeks and has become the centre of a fierce debate, with Stone defending it as a satire on the media's obsession with violence. But the film has been blamed for "copycat" murders in the US and France. Mr James Ferman, Britain's chief censor, said the British Board of Film Classification would continue to debate the film even though its original UK release date of November 18 has had to be postponed until next year. "Media speculation about such cases is not conducive to objective decision-making, and the board will announce its own decision on the film in due course." The Irish Republic has banned the film without giving reasons.

Media rules criticised

Sir Frank Rogers, chairman of the European Publishers' Council, called for radical liberalisation of media rules in the UK which had "the most regulated media in the European Union." Sir Frank is also chairman of the Newspaper Publishers Association, the lobby group for publishers of national newspapers. He warned that outdated rules were putting publishers at a great disadvantage in investing in the multi-media revolution.

Sir Frank was speaking at the launch of a study on media regulation in the UK produced by consultants Hydra Associates – the first of a series looking at the issue in a number of European countries. He said UK newspaper publishers were prevented from owning more than 20 per cent of a television company. Yet there were no special restrictions on computer companies, which were increasingly entering the media using PCs which doubled as television screens.

"We are currently excluded from profitable areas simply because we are involved in the printed word," said Sir Frank, who said he wanted to see liberalisation across the European Union. The study argues that rapid changes in technology have thrown up a wide range of anomalies. For example, the owner of a newspaper controlled within an EU country other than the UK can buy a British commercial television company but a British newspaper publisher cannot.

Scrutiny for tax system

The Institute for Fiscal Studies has set up an independent watchdog to scrutinise Britain's tax system in response to growing public concern about the efficiency and complexity of recent tax legislation. The Tax Law Review Committee, financed by the Bank of England, clearing banks, leading public companies and City law and accountancy firms, will meet for the first time today.

Its task will be to examine existing and prospective tax laws to see whether the system is working as intended. The institute says the complexity of recent Finance Acts has produced a barrage of criticism. The volume of primary and secondary tax legislation has grown steeply. The 1993 and 1994 Finance Acts contain more legislation than was produced in the whole of the first Thatcher government, which held power from 1979 to 1983.

Lord Howe, the former Conservative deputy prime minister who was chancellor of the Exchequer from 1979-1983, will be president of the committee.

PROPERTY

Idea with big backers

The urban village is gathering support, say Simon London

UK government policy on urban development bas come forward in leaps and bounds over the past two years. The most vivid symbol of the new approach is planning policy guidance note 6, issued by the Department of the Environment in July 1993 and subsequently refined by ministerial speeches.

PPG6 marked a new interventionist approach after the market-led years of the 1980s. Mr John Gummer, environment secretary, has since tried to stimulate debate about how the man-made environment can be improved.

The latest idea vying for the minister's attention is the urban village: mixed-use, mixed-tenure developments where people could work as well as live.

The urban village movement already has friends in high places. The idea was first promoted hy the Prince of Wales at the end of the 1980s. A seminar to launch a report on the economics of urhan villages was held this week at St James's Palace. The campaign also has allies close to the seat of power. The report was sponsored by English Partnerships, the government agency set up to co-ordinate urban regeneration policy.

Many of the tenets behind urban villages seem to be in tune with government thinking. Planning policy is already moving away from hroad, single-use areas towards a more diverse approach. Urban villages might also cut down on traffic by allowing residents to work locally.

But turning the urban village hlueprint into reality will reqnire more than warm words. The report makes two main policy recommendations:

- the DoE should issue a planning policy guidance note encouraging local authorities to designate specific sites for urban villages.

Once a site was designated, the hope is that land values would he low enough to allow a private sector developer to provide all the extras of an urban village – sucb as community facilities – and still make a return on investment.

- government funding should be made available where such intervention through the planning system was not enough.

In cases where urban village sites had negative development value – because they needed to be cleared or cleaned – up to 10 per cent of the total cost might have to come from the public purse.

This second proposal is hardly controversial. Government funding for urban development projects has traditionally been used to "lever in" private sector cash. Under the City Challenge programme £1 of puhlic money typically attracts about £4 of private sector funds.

Given the interest of English Partnerships in the urban villages campaign, it would be the obvious source of funding. Such investment would be in line with the agency's stated desire to use its £250m a year hudget to take equity stakes rather than simply disbursing grants. Last week, English Partnerships announced an £8m investment in an urban village-style project at Barking Reach, Essex, promoted hy Bellway Homes. This investment is expected to lever in private-sector funds totalling some £24m, suggesting a funding ratio of about 1:3.

If changes in the planning regime allowed this ratio to be raised to 1:9, as the report suggests, urban villages would become an efficient use of scarce resources.

Mr Trevor Osborne, chairman of the Urhan Villages Forum and former chairman of Speyhawk, the developer which went into receivership last May, takes the argument one stage further. "Society has to decide whether it is getting social value for money out of its current patterns of urban development," he said. "Areas which display urban village characteristics show lower levels of crime and deprivation."

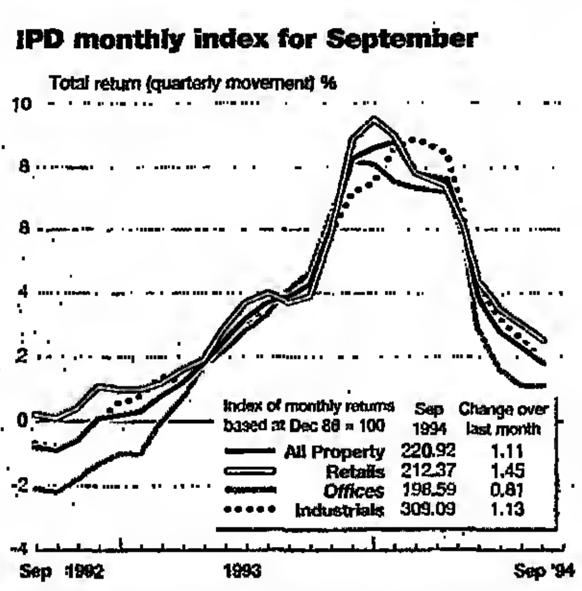
Mr Osborne envisages up to 20 urban villages under development by 2000, at an average cost each of £10m. If government support was required for each, that would imply £1.8bn of private sector investment and £200m of public sector support.

But using the planning system to promote a particular style of development is more controversial. The free-market approach was argued this week hy Mr Patrick Minford, professor of applied economics at Liverpool University, at a conferance run hy the National Federation of Housing Associations. Although he did not say so, Mr Minford might have noted that the grand estates of London's West End admired by the urban villages movement, such as Marylebone, were built without planning intervention.

The message of PPG6, though, is that this laisser faire view is no longer mainstream in government.

The wider danger is that the urhan village movement becomes a Trojan horse, in which volume househuilders smuggla development into green-belt areas.

The report concedes that urban villages built on edge-of-town or green-field sites would require little or no public sector financial support. Neither is it clear how many 100-200 acre inner-city sites would be suitable for urban village development.



The all-property rate of total return continnes to decline, recording 0.5 per cent for September, according to Investment Property Database.

Althongh the pnblished equivalent yield remains at 8.1 per cent for the month, underlying yield trends show further signs of lengthening, with a small outward shift of 0.01 points. This resulted in a fall of 0.1 per cent in capital values, the first time since May 1993 that capital growth has gone negative across the whole IPD Monthly Index, taking the index down to 128.77. Rental values fell by 0.04 per cent in September, to give an index valne of 136.4 for September, compared with 136.45 the previous month.

For the three-month period of the third quarter, the rates of both total return and capital valnes growth continne to show marked decline in comparison with the first and second quarters.

The rate of all-property total return was 1.8 per cent for the three months to the end of September, compared with 3.9 per cent for the second quarter, 7.8 per cent for the first quarter and 8.3 per cent for the fourth quarter of 1993.

Capital value growth for the three months to September was -0.1 per cent against 1.8 per cent for the quarter to June. However, rental valne decline has continned to slow in the past three months, to record -0.3 per cent against -0.4 per cent for the second quarter.

PEOPLE

Evans to take his own pension

John Evans, 59, one of Britain's most successful pension fund managers, is stepping down as investment manager of the £1.2bn Courtaulds Pension fund.

He hands over to his deputy, David Brief, 41, at the end of the year.

Evans, who once taught finance at London Business School, is not as well known as his two predecessors, Alastair Ross Goobey, who runs PosTel and Matthew Oakeshott, who set up Olim, a money management firm.

However, he has been around longar than hoth of them. He first managed Courtaulds' pension money in the mid-1970s before joining Oliver Marriott – author of *The Property Boom* – in the property business. He returned in 1986.

During his 28 years with Courtaulds, Evans has done several jobs, including that of chief economist. However, he is hest known for providing Courtaulds pensioners with above average investment returns.

In an industry which worships the average, Courtaulds in-house pension fund has always been the odd man out. It has prospered by not following the herd and under Evans has outperformed its peer group by an average of 1½ per cent per annum. Part of Evans' skill has lain in his knowledge of the property market.

Evans will be 60 next month when he reaches Courtaulds' normal retirement age. However, he does not plan to quit the City completely. He is chairman of one of Foreign and Colonial's smaller investment trusts and also chairs Quintain, an unquoted property company which he hopes will come to the stock market at some stage.

David Brief joined Courtaulds pension fund in 1991 from Citibank.

(See Observer)

Warburgs slims its structures

S.G. Warburg, smarting from a steep drop in profitability during the first half of its trading year, has slimmed down its internal management committees. Warburg insiders say that no fewer than nine internal memos have been circulating informing staff of new reporting lines and committee structures.

However, a spokesman says that planning for the changes had begun two months before the profits warning and are "completely unrelated to trading conditions".

Most significantly, the Investment Banking Management Committee has heen trimmed from 18 to eight. It now consists of Derek Higgs, chairman of S.G. Warburg and Co, Nick Verey, chairman of S.G. Warburg Securities, Simon Leathes, group finance director, Lord Cairns, chief executive and chairman, and Piers Von Simson, head of European operations, Michael Gore, chairman of Warburg Asia/Pacific, Tom Wyman, chairman of S.G. Warburg and Co in the US and Rodney Ward, group director in the Hong Kong office.

Gone are Rod Steel, head of information technology, Michael Sargent, head of equities, Peter Twachtmann, joint head of fixed interest, Penryn Pockney, head of market-making, John Trueman, head of group risk, David Hobbley and Mark Nicholls, who were joint heads of corporate finance, and Kent Haeger, head of equity derivatives.

"The purpose is to sharpen the focus of responsibility and accountability of individuals," Warburg explains. "Things were taking too long to he decided."

■ John Spence (above left) has been promoted to head of husiness banking at LLOYDS in succession to Mike Shaw who becomes regional executive director for the Thames Valley and East region.

■ John Lee (above right), personnel director, has been appointed to the board of HALIFAX BUILDING SOCIETY.

■ Lynn Soper and Terence Wong have been promoted to directors of PRICOA Capital Group, a London-based subsidiary of the Prudential Insurance Company of America.

Paula Vennells puts on her running shoes

Marketing is a fast-moving business hut some marketing directors move faster than others. Pizza Hut (UK) put out a press release saying that Paula Vennells, 35, would be joining as marketing director from Dixons, the retailer, where she was retail marketing director.

Now it turns out that she is not joining Pizza Hut after all, but is instead going to Sears Sports & Leisurewear, where she is to he general manager for Sportsworld, the group's out-of-town sports chain.

Pizza Hut this week said they were now looking for her replacement but otherwise did not want to discuss the matter. "We are surprised and disappointed, but these things do happen," said a Pizza Hut spokesman.

It seems that Vennells was tempted hy the offer from Sears, which came along later in the day on learning that she was sconting round for a move from Dixons. Sears has contacted Pizza Hut and apart from normal competitive disappointments, fences appear to have been mended.

■ Alan Reeve has been appointed to the board of JOHN WADDINGTON with responsibility for the group's paper and board packaging interests.

■ Ronald Swift, formerly md of Anglian Windows and chairman of New England Windows, has been appointed chief executive of ANGLIAN GROUP on the retirement of William Hancock.

David Snedden to chair Trinity International

It bas not taken long for Trinity international's double act to get hack in harness. David Snedden will take over the non-executive chairmanship of the Chester-based newspaper group from Simon Mosley on December 1, renewing his partnership with Philip Graf, the deputy who succeeded bim as chief executive after Snedden's retirement 19 months ago.

Snedden, 62, and Graf, 47, have been working together since the 1970s, wben Graf was Snedden's protégé at Thomson Regional Newspapers. Snedden brought Graf into Trinity two years after he moved to the Liverpool Daily Post & Echo – as Trinity then was – in 1982. This announcement is no surprise, as Snedden stayed on the board as a non-executive after retiring and quickly became deputy chairman.

Trinity – formerly a close company with one management share beld by each of 12 directors – enfranchised its shareholders last year. This has encouraged wider ownership, with new institutional buyers including the Prudential and M&G. Snedden, Graf and finance director Mike Masters – the key people in driving the change – now occupy the three top seats in the boardroom.

Snedden now splits his domicile between Edinburgb and a riverside flat in Liverpool's Albert Dock complex. Since he also recently became chairman of Norcor Holdings, the Norwich corrugated packaging company which floated this year, he will certainly not be under-using his company car: the acquisitive Trinity's 50-or-so newspaper titles are spread throughout Scotland, north-west England, North Wales, West Yorkshire and the south-east.

COMMERCIAL PROPERTY

LEGAL NOTICE

In the High Court of Justice 006103 of 1994
Chancery Division

IN THE MATTER OF
INNER CITY ENTERPRISES
PUBLIC LIMITED COMPANY
and IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, (Chancery Division) dated the 19th day of October, 1994 confirming the reduction of the capital of the above named Company from £10,000,000 to £9,126,000 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 20th October 1994.

DATED this 28th day of October 1994

Dental Hall, Five Chancery Lane
Clifford's Inn, London EC4A 1BU
Ref: MPK (7811C)
Tel: 071 242 1212
Solicitors for the above-named Company

COMPANY NOTICES

INSURANCE COMPANIES ACT 1982 (AS AMENDED)
THE ROYAL LONDON GENERAL INSURANCE COMPANY LIMITED
TRANSFER OF GENERAL BUSINESS

Notice is hereby given that application will be made on 1 November 1994 to the Secretary of State for Trade and Industry under Part II of Schedule 2C to the Insurance Companies Act 1982 by The Royal London General Insurance Company Limited for approval, pursuant to Part II of Schedule 2C to the Insurance Companies Act 1982 (as amended), of the transfer of all its rights and obligations under all the policies of commercial lines general insurance business written by it through provincial brokers, prior to 1 November 1994, to Economic Insurance Company Limited.

A copy of a statement setting out particulars of the proposed transfer is available for inspection on request at the offices of The Royal London General Insurance Company Limited, Royal London House, Middleborough, Colchester, Essex CO1 1RA on Mondays to Fridays between 9.30 am and 5.00 pm until 30 November 1994.

Written representations concerning the transfer should be sent to the Secretary of State for Trade and Industry, Department of Trade and Industry, Insurance Division, 10-18 Victoria Street, London SW1H 0NN before 29 December 1994. The Secretary of State will not determine the application for approval of the transfer until after considering any such representations made to him before that date.

FINANCIAL TIMES SURVEY

PORTUGAL

Friday October 28 1994

The economy: tough battle ahead to cut deficit
Page II

Lisbon's new park is a launching pad for innovation
Page IV

The belief among economists that Portugal could do better reflects a feeling that the government has lost its nerve. **Peter Wise** reports

Europe's reluctant tiger

Portugal is weighing itself in the balance as it prepares to enter its 10th year as a member of the European Union and to mark a decade of centre-right government under Prime Minister Aníbal Cavaco Silva. The prevailing judgment is that reasonable expectations have not been frustrated, but neither have dreams been fulfilled.

Gross domestic product per capita grew from 51.4 per cent of the EU average in 1985 to 64.5 per cent at the end of last year. In the decade to the end of 1995, Eduardo Catroga, finance minister, estimates the economy will have expanded at an average of 3.17 per cent a year, compared with 2.29 per cent for the EU and – an important comparison for Portugal – 2.75 per cent for Spain.

In effect, Portugal has been catching up with the rest of Europe at a rate of 0.88 per cent a year above the average European growth rate since it joined the EU. That represents the strongest era of growth in Portugal's modern history and compares with a 3.2 per cent decline in GDP per capita over the previous decade, a period marked by the overthrow of the Salazar dictatorship in 1974 and several years of revolutionary upheaval.

At its present rate of growth, Portugal will take another 40 years to reach the average economic strength of its EU partners, not allowing for the adjustments to be made after the admission of new member states. From an historical perspective, this seems like reasonable progress.

The hopes that Portugal would be enjoying living standards comparable with those of most other Europeans by 2000 have since been written off as wholly unrealistic

The hopes raised in Portugal a decade ago that the country would be enjoying living standards comparable with those of most other Europeans by 2000 have since been written off as wholly unrealistic. But were these hopes unrealistic? Some economists believe Portugal may be missing a unique opportunity to attain growth rates of 5, 6 or even 7 per cent a year – becoming a sort of European tiger.

"There is no reason why we should not achieve rates of growth similar to those in certain parts of Asia," says António Borges, a former deputy-governor of the Bank of Portugal and now dean of Insead, the business school near Paris. "All the favourable conditions that we see in such fast-growing, emerging countries are also to be found in Portugal."

These conditions include an open economy benefiting from access to the European market and a high level of public and private investment. Portugal is to benefit from at least Es4,450bn in EU aid over the next six years, more than double the funds received from Brussels in the previous six years.

Portugal suffers no balance-of-payments difficulties and enjoys a high level of savings and investment. Above all, the labour market is flexible to a degree that "would be the dream of most other European countries", according to Mr Borges. Given these advantages, he and like-minded analysts ask why Portugal has been satisfied with rates of growth not much different from those in the rest of Europe.

The reason, according to analysts, is an economic policy often directed at guaranteeing the survival of inefficient companies and sectors, even though this slows down long-term growth and restricts economic development to the pace of the slowest movers. EU funds, they say, are frequently applied to maintaining o status quo already proven to be inadequate. As examples, they point to the troubled agricultural sector, to a Es180bn aid package for the loss-making state airline TAP and to large subsidies for the ailing state-owned steel company Siderurgia Nacional.

The conviction held by several economists that Portugal could do better reflects a more prevalent sentiment that Mr Cavaco Silva's government has lost the reforming zeal of its early years – when important economic and legislative advances were made – and has grown steadily more averse to risk and conservative.

A view widespread in the business community is that the governing Social Democrats (PSD) have lost their nerve and are not prepared to accept the political discomfort that more radical industrial restructuring, resulting in an economic leap forward, would involve.

António Guterres, leader of the opposition Socialists (PS), has a harsher view of what he perceives to be the government's deficiencies. "The PSD has created a vast network of clients, partly through the way it distributes EU funds and other subsidies," he says. "The government intervenes in the economy in the interests of these clients, who are political supporters, rather than on the basis of clear policies."

The accusation, not unfamiliar in other countries, is echoed by smaller opposition parties to the left and right. As evidence, critics point to the government's recent veto of a hostile bid by Banco Comercial Português, the fifth largest bank, for control of Banco Português do Atlântico, tha second biggest, and to the possible closing of hypermarkets on Sunday afternoons to defend small shopkeepers.

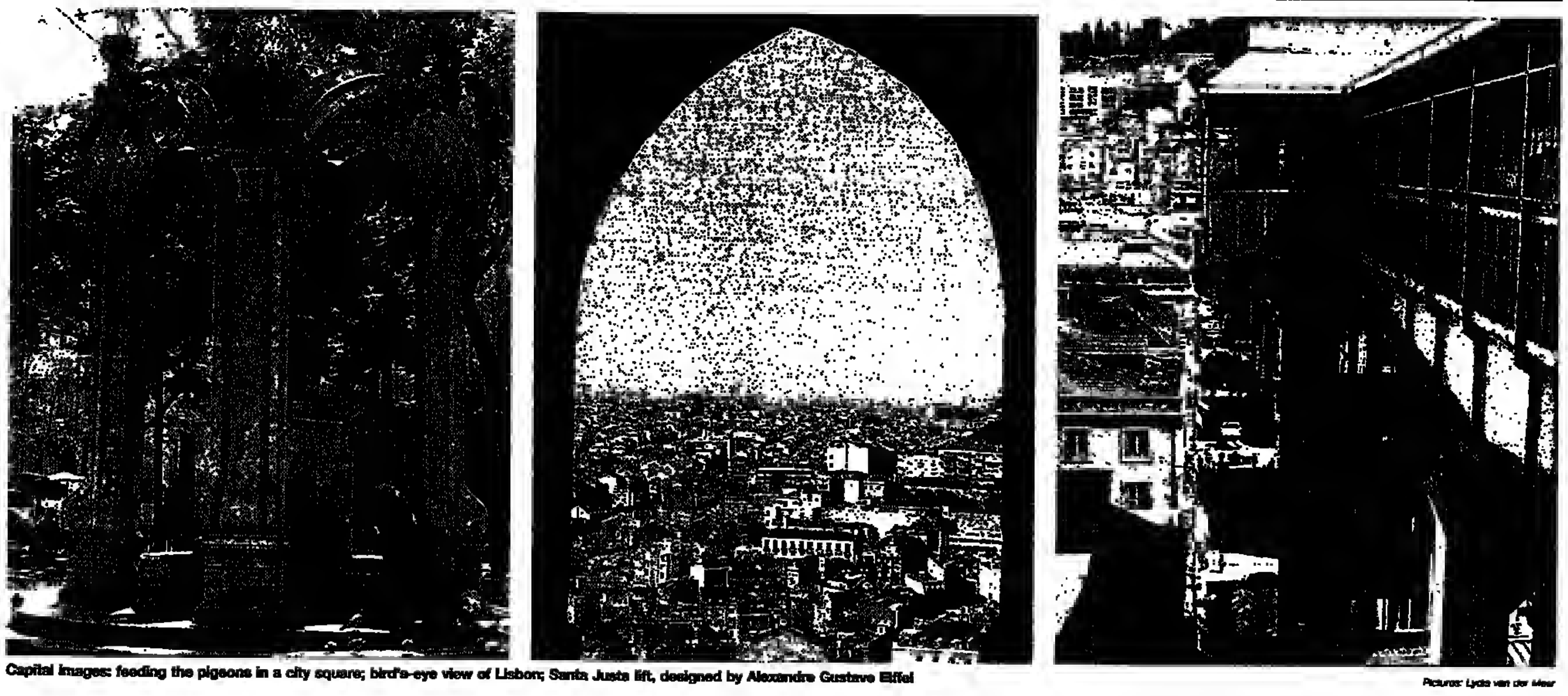
In a recent speech, Mr Cavaco Silva dismissed his political opponents as "prophets of doom" and "defeatists". He said the government's decision not to agree to trade union demands for a 5 per cent wage increase in 1995, an election year, showed he was prepared to sacrifice short-term political interests for the long-term good of the country. He defends the PSD as a pragmatic party that gets things done, whila the opposition is limited to rhetoric.

Opposition voices, rhetorical or otharwise, have grown louder over the past two years, mainly as a result of recession. A period of negative growth from mid-1992 to mid-1994 abruptly ended the euphoria Portugal enjoyed in the late 1980s. Competition within the single European market and reform of the Common Agricultural Policy have exposed Portugal to less benevolent aspects of EU membership than previously experienced.

Recent eruptions of discontent – from the blockading of the April 25 bridge in Lisbon because of a toll increase to the blocking of a train importing Italian milk – have their root in economic concerns caused by the recession. The flagging economy has also drawn attention to issues less closely examined during the boom years, such as rural poverty, illiteracy, child labour, slums, shanty towns and deficient education and health services.

The recession has made a strong impact in Portugal, but by international standards was relatively mild. GDP fell by 1 per cent in 1993 but growth has already resumed and will reach 1.1 per cent this year and a forecast 2.5 to 3.5 per cent in 1995. Unemployment has risen but is still low at 6.8 per cent. There has been no devastating impact on the financial sector, no property crisis, no wave of bankruptcies. Business confidence is weak but recovering.

In this climate, Portugal's medium-term objective is to secure full participation in the EU's plans for economic and monetary union, particularly now that the community is expanding and the possibility of a multispeed Europe has been raised by politicians in Germany and France. An election next October will decide who leads the country towards that goal. Mr Cavaco Silva may have lost some support. But it is not clear that Mr Guterres has yet gained enough credibility to replace him.



Capital images: feeding the pigeons in a city square; bird's-eye view of Lisbon; Santa Justa lift, designed by Alexandre Gustave Eiffel

The economy: nominal convergence is a priority, says **Peter Wise**

Tough battle ahead to cut deficit

Prime Minister Anibal Cavaco Silva's government, proud of what it considers assiduous efforts to discipline the Portuguese economy, has been stung by proposals for a variable-speed Europe.

"We don't like the idea of a two-track Europe," Fernando Faria de Oliveira, trade and tourism minister, told foreign bankers recently. "Experience shows that onca you drop behind the pack, it's difficult to catch up again."

The possibility raised in Germany and France that some European Union countries could move towards monetary union ahead of others is almost certain to strengthen Portugal's determination to try to achieve nominal convergence – the lowering of inflation, budget deficits, public debt and interest rates to meet the target for monetary union set by the European Commission.

Mr Cavaco Silva gave an indication of his resolve on this issue in October when he refused to agree to a trade union demand for a 5 per cent national wage increase in 1995 as the starting point for a five-year social pact between government, employers and unions. More indulgence would have been understandable, considering the government's re-election next October is far from assured.

But the prime minister drove the point home in a speech to trade unionists immediately after the negotiations on a social accord collapsed. "If we lose the battle to reduce our budget deficit, Portugal will forfeit the political weight required to defend its interests within the European Union," he warned.

Added to the risk of a multispeed Europe that would inevitably leave Portugal behind the leaders, the government also has to consider that from this year the provision of EU aid from the Cohesion Fund, to help poorer member states catch up, is being linked directly to the attainment of budget deficit targets as delineated by their convergence plans.

The budget deficit is the area of nominal convergence where Portugal faces the most difficulty. Good progress was being made until 1993, when the public sector borrowing requirement jumped to 7.2 per cent of GDP from 3.3 per cent the previous year. The onset of recession in the second half of 1992 contributed to the increase, but the main cause was a virtual breakdown of the tax-collecting machine.

A deficit of 6.9 per cent of GDP was originally set for 1994, but higher than expected tax revenue has enabled Eduardo Catroga, finance minister, to cut this to 6.4 per cent. The budget for 1995 tables a deficit of 5.8 per cent. This is based on forecast GDP growth of 2.5 to 3.5 per cent, up from 1.1 per cent this year, and average annual inflation of 3.5 to 4.5 per cent, down from an expected 5.3 per cent in 1994.

"The 1995 deficit target is at the absolute top end of what is allowed under Portugal's convergence programme," says Sally Wilkinson, London-based southern Europe economist with Union Bank of Switzerland. "The government could have set a lower target but, by being pessimistic, they are giving themselves leeway either to outperform expectations or to grant an interim pay award." Such an award would be made shortly before the election.

Portugal is making more rapid progress in cutting inflation. The average annual rate will have fallen by about 3.6 points in the two years to the end of 1994, to 5.8 per cent. The year-on-year rate will then be about 4.5 per cent, a 25-year low, and is already equal to that in Spain. The fall is due to a relatively strong currency, depressing the inflationary component of Portugal's high level of imports, combined with a cut in real disposable income and depressed demand during the recession.

Miguel Namorado Rosa, an economist with Banco Comercial Português, is less confident that the government's more optimistic inflation target for next year can be met. An inflation rate of 3.5 per cent is virtually unknown in Portugal and would be lower than that forecast for Spain. He sees stronger domestic demand and wage rises placing increasing pressure on inflation, with strains on industrial capacity beginning to be felt by 1996.

A stable escudo and falling inflation have enabled the central bank to begin a cautious lowering of interest rates, an important factor in helping to relaunch economic recovery. Overnight rates are about 170 basis points above those in Spain although there is no longer an inflation differential. António de Sousa, governor of the Bank of Portugal, says the bank will continue to be prudent in lowering money market rates, keeping exchange rate stability as its priority.

"Reductions in interest rates have to be gradual and the market has to lead the way not the central bank," he says. "Rates are at an historic low in Portugal and moving downwards. The tendency is what is fundamental for the competitiveness of companies." Efforts are under way, he says, to improve the financial reporting and accounting of the small and medium-sized companies that dominate the Portuguese economy to reduce risk premiums on bank loans and thus lower their financial costs.

A stable escudo and falling inflation have led to a cautious lowering of interest rates

Concern over nominal convergence is a political and face-saving issue for governments as much as an economic one. Vitor Constâncio, a former finance minister and formerly leader of the opposition Socialist Party, believes that, in economic terms, Portugal need not be overly concerned about the targets. He considers the level of public debt, 67.3 per cent of GDP in 1993, and the budget deficit to be compatible with Portugal's long-term effort to achieve real convergence, that is, to catch up with the output level of the rest of Europe.

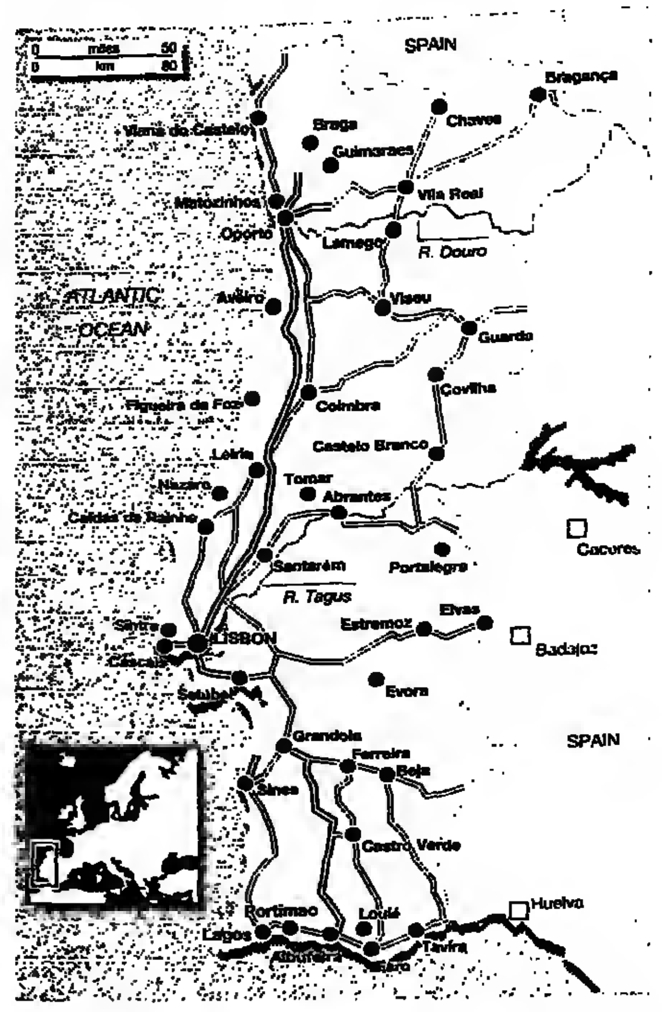
That effort will receive an important impetus in December when AutoEuropa, a Es450bn joint-venture by Ford and Volkswagen, begins production of a new multipurpose vehicle at a plant in Palmela, 30km south of Lisbon. Mr Constâncio estimates vehicles produced at the factory, which has directly created 5,000 new jobs and perhaps double that number indirectly, will account for about 20 per cent of Portugal's total manufactured exports, representing 1 per cent or more of GDP.

KEY FACTS

Area	91,949 sq km
Population	9.85m
Head of State	Mário Soares
Currency	Portugese escudo
Average exchange rate	1993 \$1=160.80 escudos
	1994 \$1=172.52 escudos

ECONOMY	1993	1994[1]
Total GDP (\$bn)[2]	74.9	76.0
Real GDP growth (%)[2]	–1.0	1.1
Annual average % growth in		
Consumer prices (%)	6.5	5.3
Industrial production (%)[2]	–4.0	1.7
Share prices (%)[3]	59.6	16.9
Unemployment rate (%)	5.5	7.1
Discount rate (%)	13.7	12.0
Government bond yield (%)	18.7	12.5
Reserves minus gold (\$bn)	15.8	14.7

1. 1994 figures are latest available except where stated. 2. 1994 figure is OECD forecast.
3 Annual percentage change to end December 1993, and September 1994



Banking: the emphasis is on greater efficiency, says **Peter Wise**

Financial system on the move

A brightly-coloured van pulls into a remote village in northern Portugal and a crowd gathers. A few years ago villagers would have been lining up to buy household wares from a travelling salesman or to borrow a book from a mobile library. Nowadays, they are checking on their investment portfolios.

The van, run by Banco Português do Atlântico (BPA), is a motorised bank branch with a satellite dish on the roof that establishes a link with the bank's computer systems. Customers who previously had to travel long distances to the nearest branch now have regular access to a wide range of banking services on their doorstep.

BPA's mobile branches beaming transactions through the sky are an indication of how competition has intensified in Portuguese banking. In less than a decade, the sector has been transformed by the opening of new banks, the admission of foreign competitors and privatisation, propelling banks towards greater efficiency and productivity.

Until the mid-1980s the financial system was heavily regulated and dominated by state-owned banks. But liberalisation is steadily forcing banks to compete on similar terms to their counterparts in most other European countries, in terms of both market and regulatory conditions.

In particular, banks have been under pressure to reduce their financial margins, the difference between the rate at which they raise funds and that at which they lend to customers.

The average margin for Portuguese banks has fallen to about 3 per cent from 7 per cent in 1989. Miguel Namorado Rosa, an economist with Banco Comercial Português, calculates revenue from financial margins for the banking sector at about Es600bn in 1994, Es100bn less than last year.

Because they enjoyed high margins, Portuguese banks have tended to waive commissions and fees. Now tighter margins are compelling them to bolster fee-based income. But, as Alexandre Vaz Pinto, vice-president of Banco Espírito Santo (BES), points out: "It's not easy charging higher prices in a competitive market. Banks will have to be very imaginative in conciliating service quality with competitive pricing."

A joint attempt by banks to introduce a 1 per cent charge on purchases made with direct debt cards in March this year stirred consumer associations to organise a 24-hour boycott of bank cards. A parliamentary commission stepped in and the charge was indefinitely suspended. Mr Vaz Pinto says the "plastic money" revolt taught banks the dangers of not paying sufficient attention to customer relations.

Mobile branches now link with computer systems via rooftop satellite dishes

Economic conditions have added to competitive pressures in squeezing bank profitability. As a result of recession, credit to the private sector is forecast to grow by 8.5 per cent this year, down from 13.3 per cent last year. Non-performing loans are increasing as a proportion of total credit and deposit growth has been virtually stagnant for the past two years. Portuguese banks are estimated to have lost Es80bn as a result of this year's drop in interest rates on government debt securities – although some banks do not register these losses in their accounts.

"This year's combined loss of Es180bn from narrower margins and lower bond revenue is equal to the sector's net profits in 1993," says Mr Namorado Rosa. The profits of most large banks are forecast to remain close to their 1993 level or show relatively small losses. The outlook for next year is a little brighter and from 1996, the level of non-performing loans is expected to stabilise. As economic recovery takes hold, credit growth is forecast to make a strong contribution to profits.

BES, like several other banks, is investing in increased productivity. The group, which expects to have 320 branches and 5,500 employees at the end of 1994, has reduced the number of workers per branch from 24 to 17 over the past two years. But the banking system as a whole has an estimated 15,000 to 20,000 workers more than it needs to work efficiently.

The regulatory framework for banks in Portugal is also moving towards European norms. From November 1, the compulsory cash reserve requirement will be cut from 17 per cent to 2 per cent of customer liabilities. A deposit guarantee fund will be in place by January 1995, some provision requirements are being changed and banks are being compelled gradually to cover their pension liabilities.

Banks are concerned about the additional costs these reforms could incur. But António de Sousa, governor of the bank of Portugal, is confident the costs and benefits will cancel each other out in 1995 and that the balance will evolve to the advantage of banks over the medium term. The estimated Es2,200bn in liquidity to be released by the reduction of cash reserves will initially be absorbed by certificates of deposit (CD) with maturities of two to 13 years.

Banks will be able to use these CDs to make all of their 1995 contributions to the deposit guarantee fund, says Mr de Sousa. Banks will initially contribute a total of Es20bn to the fund and the Bank of Portugal an equal amount. On the benefit side, Mr de Sousa says a planned reduction in the level of provisions required to cover mortgage credit will be a substantial advantage for banks. He also envisages extending the 1997 deadline for banks to cover pension liabilities.

Industrial policy

Action plan for business

You can always tell the pioneer in Portugal, he's the one with the arrows in his back. This was one of the unofficial findings of an extensive study of the Portuguese economy carried out under the direction of Michael Porter, Harvard's leading professor of business strategy and national competitiveness.

Mr Porter's consulting company, Monitor, was sponsored by 47 of Portugal's top companies to spend a year investigating the country's economic strengths and weaknesses and to draw up a strategy for building competitiveness. One conclusion of the hefty report, produced earlier this year, is that Portugal needs action more than reports.

Other findings by Monitor, which mobilised 500 people for the investigation throughout 1993, overturn long-held consensus views on Portugal's problems and how to overcome them. If Mr Porter's assessment that anti-individualism is hampering progress is correct, business leaders who are already beginning to act on his proposals will find their backs becoming extremely sore.

Brushing management jargon aside, Monitor investigators describe the hierarchies and bureaucracies they believe are obstructing Portugal's development as a "cover your ass" attitude. Attitudes have been moulded by a long history of autocratic rulers, they say, from the despotism of the Marquis of Pombal in the 18th century through Salazar to a brief flirtation with a dictatorship of the proletariat following the 1974 revolution.

Government in Portugal is still too big and powerful, argues Monitor, saying that the state's capacity to bestow patronage through the allocation of European Union funds serves to strengthen autocratic tendencies. Fearing reproof, the Portuguese shy away from individual initiative and take refuge in committees and red tape. People at the top of companies or civil service departments become out of touch because those lower down are reluctant to approach them.

Because of this emphasis on government and institutions, Portugal tends to "look for supply-side rather than demand-driven reforms". According to Ian Smith, managing director of Monitor's European division: "The result is a tendency to distribute capital that no one knows how to use, to build laboratories that conduct experiments that no one wants, or to plant trees that burn down because farmers have no incentive to care for them."

Portugal may be relieved to know it is not alone. Monitor believes the World Bank and the European Union commit the same sort of mistakes. The message that Mr Porter wants to get across is that individuals, not institutions, create change. His tenet that "firms compete not nations" has particular relevance to Portugal, the report concludes.

Portugal gives too much emphasis to macro-economic issues such as exchange-rate policy and financial markets, it finds, but neglects the concrete concerns of individual companies. "That is like a tennis player watching the scoreboard instead of the ball," says Mr Smith. Macro-economic policies are important but insufficient in themselves to improve living standards, says Monitor. Too much concern with them implies overlooking the need for business to "achieve superior satisfaction of consumer needs, cost effectively".

The report challenges as "deeply flawed" views long cherished by many Portuguese politicians and economists: the view that the country needs to build high-tech industries such as robotics, computers and biotechnology; that resources should be directed to sectors chosen as strategic; that big companies should be fostered as engines of growth; and, particularly, that the economy is dependent on too narrow a group of industries, such as agriculture and traditional products, mainly textiles and footwear.

Fearing reproof, the Portuguese shy away from individual initiative

Monitor advises Portugal to focus on seven "clusters" – groups of interconnected industries – which it identifies as: material and metals, forest products, petroleum and chemicals, transportation, food and beverages, housing and household goods, textiles and apparel, and tourism. These sectors already account for almost 90 per cent of exports and, according to Mr Porter's team, represent important strengths on which Portugal can build.

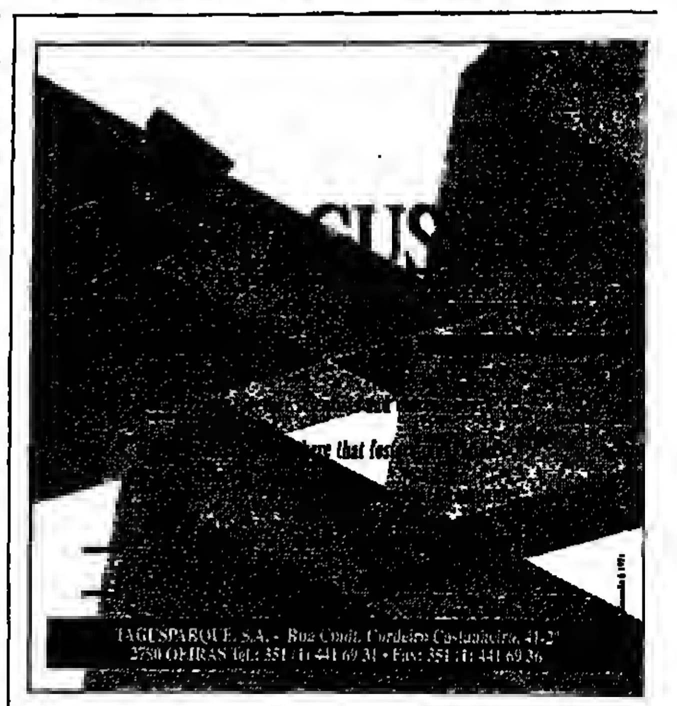
The finding that Portugal's future lies in its traditional industries has provoked criticism that the Monitor team mobilised vast resources – and received a large fee – only to arrive at a conclusion that is plain common sense. Mr Smith replies that few people were talking common sense before the report came out but were discussing moving into sectors such as sub-micro technology, automobiles and jet fighters. "We believe we have changed the debate for the better."

The government has welcomed Monitor's contribution to economic discussion. But the report has received a warmer response from the opposition Socialist Party (PS). "Michael Porter has made a reasonable diagnosis of Portugal's problems and put forward positive proposals for the future," says António Guterres, the PS leader. He says the government, on the other hand, has sought to devalue the report.

Monitor gives Portugal eight imperatives for becoming more competitive and suggests ways to implement them. The recommendations are: focus on sophisticated and demanding customers; formulate a competitive strategy; increase productivity; co-operate with suppliers, distribution channels and customers; create representative associations; build a home base; develop a civil society; and invest in human capital.

The largest section of the report is on how to mobilise people to work for change. Concerned that its efforts may be blighted by bureaucracy, Monitor has left behind a network of task forces that are already beginning to challenge existing policies. "Portugal has a lot of very good people," says Mr Smith. "It's up them to pick up these ideas and run with them." They may have to dodge a few arrows on the way.

Peter Wise



Politics: **Peter Wise** looks at the prospects of parties in next year's election

Premier faces hard choice

Aníbal Cavaco Silva, Portugal's prime minister since 1985, is facing one of the most difficult decisions of his career. Before next summer he will have to determine whether to stand again as prime minister in the October 1995 alection or choose the easier but less-appealing option of running for the presidency in 1996.

Mr Cavaco Silvs readily acknowledges a taste for executive power and would prefer the premiership to the president's limited role as political arbitar and constitutional guardian. But he has a weak appetite for the constraints of minority or coalition government. He is likely to run as prime minister again only if convinced that his centre-right Social Democrats (PSD) can win another overall majority.

Most analysts believe that s third consecutive majority will be within the PSD's reach by mid-1995 enabling Mr Cavaco Silva to take the gamble. Civen the lack of s successor to match his electoral appeal or dominance of the PSD, Mr Cavaco Silva will have to take into account that his own withdrawal as a candidate for the premiership could mean the difference between absolute victory, relative victory or defeat for his party.

After nine years in office, much of the original popularity of Mr Cavaco Silva's government has been eroded. The pro-market reform drive of the early years has lost momantum. The government is accused by left and right of hestowing patronage and favouring political supporters. What the British would call sleaze is undermining confidence in the public administration as officials investigate several cases of alleged corruption.

But the root of the government's waning popularity is recession. Real wages have fallen by more than three percentage points over the past two years after three years of strong expansion and unemployment has increased by more than two points to 6.8 per cent. Recent eruptions of anti-government discontent, from attacks on trucks of imported Spanish fish to protests against a hridge toll increasa, are symptoms of underlying concerns sbont jobs and living standards.

However, the economic cycle is evolving in Mr Cavaco Silva's favour, as it has throughont his tenure as prime minister. António Guterres, leader of the opposition Socialist Party (PS), believes Portugal's economic recovery, which began in mid-1994, will be too slow to have a strong impact on disposable income before the election. But the government will undoubtedly do averything possible to shape the pattern of growth. Some businesses say public works and the application of European Union funds are being delayed to maximise their influence on voters.

The PS is largely fighting the PSD on its own ground, promoting itself as being more efficiant at running a market economy. The party Socialists have long left behind commitments to nationalisation and a high level of state intervention. Mr Guterres has no complexes about not offering a radical alternative. "In a modern society, political ruptures generally lead to disaster," he says. "Policy differences are today a question of degree."

In fact, Portuguese parties tend to be more to the right than their names indicate. Mr Guterres says his party represents a synthesis of traditional European social democracy and a left-wing liberalism originating in the US. The PSD has been described as "liberal with an inclination towards social solidarity". Both parties are strongly committed to Europe and, with different nuances, liberalisation of the economy.

Education is the priority issue for the PS. Portugal's education system is, in the words of an independent foreign consultant, a "national disgrace". Mr Guterres believes the government has wasted extensive EU funds in professional training because no overall strategy or articulation with the traditional education system was devised. More prosaically, the PSD asks how the Socialists will fund their education plans.

On economic issues, the PS accuses Mr Cavaco Silva of engineering an excesslve appreciation of the escudo by imposing high interest rates. Mr Guterres believes Portugal had the possibility of fostering higher growth through lower interest rates without compromising nominal convergence with the rest of the EU. He says that despite a tough exchange-rate policy, the government has undermined convergence by allowing a large budgetary overrun in 1993 and that the prime minister may now be prepared to let inflation and public deficit targets slip in the approach to next year'a election.

Dissatisfaction with the government is widespread and a recent opinion poll put the PS ahead of the PSD. But the PS lacks unity and Mr Guterres's hold over the party is not comparable with the prime minister's dominance of the PSD. The Socialist leader is in a difficult position. For some voters he lacks the proven technocratic prowess of Mr Cavaco Silva. For others, he lacks the heart and emotion traditionally associated with the left in Portugal. Several analysts believe he may be able to prevent Mr Cavaco Silva from winning another overall majority but will fall sbort of his objective of winning a clear majority for the PS.

One man wbo may not be sorry if no party gains an absolute majority is Mário Soares, tbe president and a former Socialist leader. He has questioned wbether single-party majority governments are the most favourable for Portugal. It was one of the provocative statements he appears to relish and which are often interpreted as thinly-veiled attacks on the government. Mr Soares is prevented by the constitution from standing for a third consecutive term in 1996.

General António Ramalho Eanes also served two consecutive terms as president from 1976 to 1986. But he is now eligible to stand again end looks increasingly likely to do so. He was a cornerstone of democracy in the turbulent period that followed the 1974 revolution.

Tom Burns examines the change in the relationship with Spain

Neighbourly undertakings

The economic relationship between Portugal and Spain is undergoing a significant change. Cross-border trade and inveatment between the two countries was once extremely limited, but it is now buoyant and, despite Portugal'a traditional nervousness about its big Spanish neighbour, it is set to increase further.

"Before 1986 (the year when Portugal and Spain joined the then European Community) it was as if Lisbon and Madrid were looking in opposite directions," says Miguel Athayde Marques, executiva chairman of ICEP, the government's trade and investment board. "One of the most important consequences of 1986 was the rapid integration of the two economies."

Far from being back to back, the economies of Portugal and Spain are now interacting with each other and are mutually benefiting as a result. Inevitably Spain, with a CDP that is six times that of Portugal and a population that is four times bigger, is setting the pace, but Portugal, where per capita incoms is at best 75 per cent of that in Spain, is gallantly holding its own.

Nobody is claiming that the Iberian peninsula forms a trading bloc similar to that of Scandinavia, or that Portugal and Spain can be grouped together as are the Benelux countries. There has been too much historical antagonism for that, too many inferiority complexes on the part of the Portuguese and an ovardose of superior *machismo* on the part of Spain.

A merger between TAP and Iberia, the two national airlines, for example, is ruled as "quite out of the question", by a Lisbon official. "Even if that made economic sense, which it doesn't, it would be unthinkable because it is a matter of national pride."

Similarly, Portugal is anxious, as far as it is possible, to keep Spain at arm's length in Portuguese-speaking nations such as Angola, Brazil and Mozambique which Lisbon considers its natural stamping ground. Thus Telefónica, the acquisitive Spanish telephone operator which is rapidly building up a Latin American empire, could st best be a financial partner in a Portuguese-run development of telecommunications in Angola.

Echoing a similar sentiment to the one expressed by the Spanish embassy in Lisbon, s Portuguese diplomat said that "mentalities are the hardest to change". Spaniards are viewed suspiciously by the Portuguese as over big, over aggressive and, increasingly, as over-here.

For all the self-evident reservations, the ice has nevertheless been broken by the onset of European Union cash transfers, the volume of which can be multiplied by the joint presentation of cross-border infrastructure projects. The common EU umbrella has put the foundations for shared economic strategies in place and it is gradually overcoming Portuguese misgivings.

It is precisely because of tha shared EU membership that bilateral trade has increased tenfold in the past decade. The value of Portuguese exports to Spain which stood at $187.5m in 1983 was $1.9bn last year and that of Spanish exports to Portugal has risen over the period from $429.6m to $4.3bn.

Spain is now Portugal's principal foreign suppller and some 25 per cent of all imports from the EU are Spanish. Spain has, in turn, become Portugal's third market after Germany and France and it absorbs 19 per cent of exports to the EU.

The remarkable feature of the trading relations between the neighbours is the very large spread of similar items that are interchanged, and it is this trade pattern which points to the integration of two economies that share a common industrial profile based on small and medium companies.

The main Portuguese export to Spain is motor vehicles but this item represents just 5 per cent of the total value of what Portugal supplies to Spain. Likswise, motor vehicles are the leading Spanish export to Portugal, representing 12 per cent of the overall value of exports, and the next two export items represent 5 per cent and 3 per cent of the total value of Spanish merchandise acquired by Portugal.

In the way that investment usually follows trade, the companies of both countries are setting up branches across the border. "The first place a Spanish small company that wants to consolidate its export market thinks about is Portugal," says Luis Bonhomme of the Spanish Embassy in Lisbon. "Portugal is what the Spanish entrepreneur knows best for it is the natural extension of his own domestic market and exactly the same is true about Spain for the Portuguese businessman."

Again the figures show a remarkably rapid growth. Spanish investments in Portugal $2m, scarcely totalled $21m in 1985, the year before both countries became members of the EU, and they totalled $812m last year, a year when Spain displaced the UK as the biggest direct investor in Portugal and when 25 per cent of all Spain's foreign investment was directed towards Portugal.

The story is a similar one on Lisbon's side of tha border. Direct Portuguese investment in Spain between 1991-1993 totalled $609m and it has gone from representing 50 per cent of the total value Portuguese foreign investment in 1991 to 78 per cent last year. Close to 60 per cent of the value of the foreigu businsss projects approved by ICEP, in a programme siding small and medium Portuguese companies to open up sbroad, concern direct investments in Spain.

Reflecting the wide spread of the trade pattern between the two economies, and again underlining the economic integration between Portugal and Spain, the cross-border investment flow is characterised by many companies making comparatively minor outlays. There are some 2,500 Spanish companies in Portugal but only 10 sppear in the list of the top 500 companies in Portugal and the biggest, the Cepsa energy group, is ranked 73rd.

There havs been daring acquisitions from both sides of the frontier. Among recent deals, Portugal's Cimpor cement company has bought a producer in north-west Spain, Tafisa, Spain's leading fibre wood company, has been purchased by Sonae, Portugal's biggest conglomerate, and the Colep packaging business has acquired a sizeable unit in Spain, Johnson and Wax España.

The most ambitious cross-border Spanish moves have concerned the financial sector and, in particular, the controversial Banesto assault on Banco Totta e Açores, the profitable fourth-ranked domestic institution. The four main Spanish banking groups are now all present in Portugal and together they are estimated to control just over 17 per cent of Portuguese banking assets, nearly 15 per cent of bank deposits and close to 16 per cent of banking loans.

Trade by main destination and origin (% of total)

	1988	1989	1990	1991	1992	1993
Exports fob						
EU	71.8	71.5	74.0	75.4	74.9	75.8
of which:						
Germany*	14.7	15.7	16.7	19.1	19.2	18.7
Spain	11.2	12.5	13.6	15.1	14.7	14.5
France	15.2	15.1	15.5	14.4	14.2	15.3
UK	14.3	12.3	12.1	10.0	11.2	11.4
Netherlands	5.9	5.7	5.7	5.7	5.4	5.2
Italy	4.2	4.2	4.0	4.0	3.8	3.0
Efta	10.5	10.3	10.2	9.7	8.8	7.8
US	5.9	6.0	4.6	3.8	3.5	4.3
Japan	0.8	1.1	1.0	0.9	0.8	0.8
Opec	1.1	0.7	0.6	0.6	0.5	1.0
Total incl others	100.0	100.0	100.0	100.0	100.0	100.0
Imports cif						
EU	67.1	68.0	69.2	72.0	73.7	72.1
of which:						
Spain	13.1	14.5	14.5	15.9	16.6	17.6
Germany*	14.6	14.5	14.4	14.6	15.0	15.0
France	11.5	11.7	11.5	11.9	12.8	13.0
Italy	9.2	9.1	10.0	10.3	10.2	6.7
UK	8.3	7.5	7.6	7.5	7.2	7.5
Netherlands	4.8	5.5	5.8	6.1	6.9	4.9
Efta	7.3	6.3	6.2	6.0	6.0	6.1
US	4.3	4.4	3.9	3.4	3.0	3.1
Japan	3.6	3.1	2.6	2.9	3.1	3.2
Opec	5.0	6.1	6.6	4.8	3.9	5.0
Total incl others	100.0	100.0	100.0	100.0	100.0	100.0

* West Germany only until July 1990

Source: National Institute of Statistics, Indicadores do Comercio Externo

Tom Burns looks at preparations for Expo '98

Facelift for an anniversary

Portugal has every right to be proud of its illustrious past, and the manner in which it recalls events in its history that the rest of the world ignores is nothing short of endearing.

Few outside Portugal, for example, are aware that 1991 was the 500th anniversary of the first Portuguese mission to the kingdom of the Congo, or that 2000 will mark the the 500th anniversary of the colonisation of Brazil, or that this year celebrates the 600th anniversary of the birth of Prince Henry the Navigator whose intellectual stimulus and deep pockets made such milestones possible.

The world outside Portugal may, however, become aware of the significance of 1998 as the year marking 500th anniversary of Vasco da Gama's voyage to India. If it does it will be hecause of Lisbon's Expo '98, an international exposition which hopes to attract 115 participants, countries, multinational companies and international organisations, and 10m visitors.

Expo '98, has chosen an attractive theme: under the title The Oceans, a Heritage for the Future, It will focus on conserving the oceans and also on realising the sustainahle assets that the two thirds of planet earth represented by the oceans can provide. The question is whether it can deliver this appealing package.

António Cardoso e Cunha, a former EC commissioner and now commissioner for Expo '98, brushes the doubters aside. The world fair will happen as planned because much more than being an occasion to wave the Vasco da Gama flag, more even than providing a platform for ecological correctness, Expo '98 is the excuse for a significant urban facelift that Lisboo can no longer delay.

Already the state-owned Expo '98 consortium is beginning to decontaminate and to level a 300-hectare industrial garbage area on Lisbon's eastern suburhs, upriver and alongside the river Tagus estuary, that was formerly occupied hy a succession of petroleum refineries and factories.

It is an undertaking comparable to the renewal of London's Docklands or to Barcelona's decision to uproot a similar rust belt to construct an Olympic village. Mr Cardoso believes that Lisbon is not only "fit to meet" such an undertaking but "desperately needs to do so".

The stimulus is all-important. "If the objectives are not foolish, if they are reasonable, then societies need this sort of psychological challenge," says Expo '98's commissioner and his views echo those of Barcelona mayor Pascual Maragall in the run np to the 1992 summer games.

Expo '98 will not, however, be a repeat of the Expo '92 jamhoree in Seville that marked the 500 years of Christopher Columbus's first voyage to the New World. That was a "universal" exposition, a higher rank than the "international" exposition accolade awarded to Lisbon by the BIE, the Paris-based organisation which monitors world fairs. With hindsight, Lisbon perceives Expo '92 as having been too costly, too ambitious and, ultimately, too wasteful.

"One of our main concerns is not to be Seville mark two," says Mr Cardoso. The Lisbon event will be shorter – four months, June to September, instead of Seville's six – the exhibition space will be much smaller and, hopefully, it will pay for itself by selling off its real estate to the private sector.

If all goes as Expo '98 plans it, Lishon will be making a giant leap forward over the next three years. It will acquire:

- A second fixed link over the Tagus, a 15-kilometre six-lane highway thrown across the estuary that will relieve pressure on the saturated existing suspension hridge, down river, which dates from 1966.
- A transport interchange centre serving buses, the city's metro system and the main national railway traffic moving north-south and east towards the Spanish border.
- A big exhibition centre, a large mnlti-purpose indoor sports and music stadium and the higgest oceanarium in Europe.
- A new residential, office and commercial area, housing some 25,000 and, scenically situated by the Tagus estuary's hulge, reminiscent in its location of lakeside Chicago.

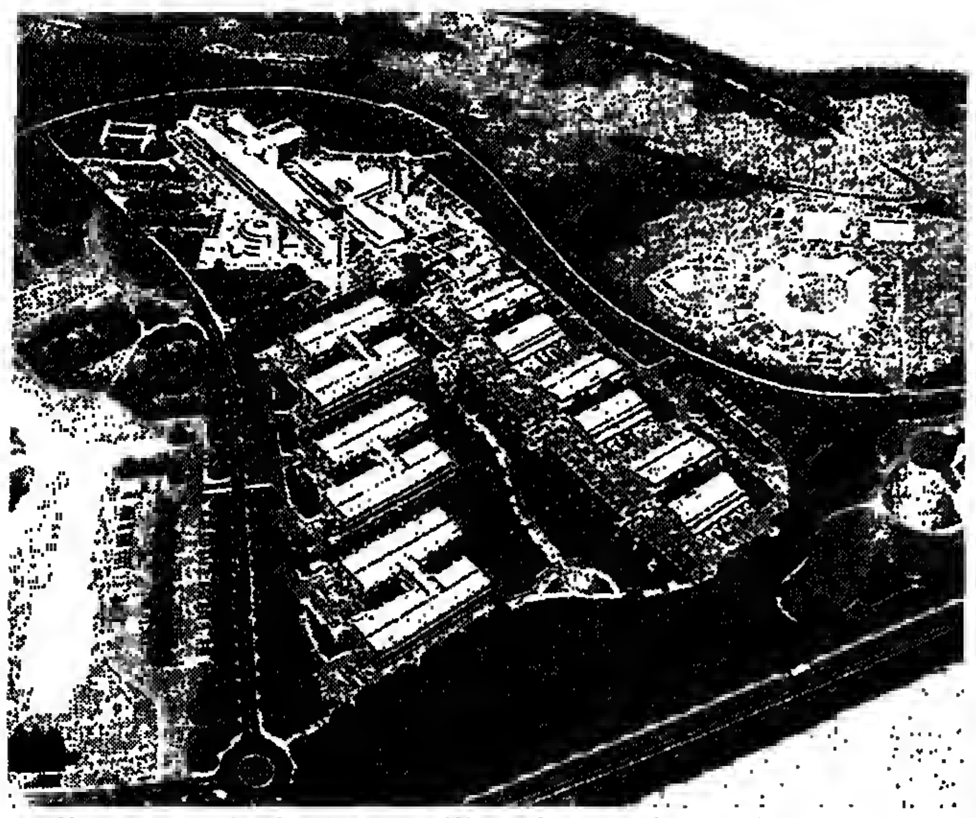

António Cardoso e Cunha: brushes the doubters aside


Heritage for the future: an architect's view of the giant oceanarium which will be Europe's biggest

"Everybody has got his feelings at least a little mixed about such amhitions," says a Lisbon property developer. "Clearing all that needs to be cleared (the Expo '98 site extends along 5km of river front) and then building all the complex things that are planned in under four years seems a hit far-fetched." The doubters point to the fact that Budapest has only recently scrapped its own plans to have an Expo '96 because of time and financing difficulties.

Mr Cardoso appears untroubled and he harks back to Vasco da Gama who was "not a navigator" but a clear-sighted businessman. Getting to India was a "trade-driven act" and by the same token the world fair on the 500th anniversary of that voyage is a sound commercial venture moulded to the city's requirements.

Indeed, Mr Cardoso seems intent on leaving nothing to chance as he preaches the need to be "hard, demanding and accurate" in the Expo '98 quest. He has a poster of Murphy's Law – If things can go wrong they will – fraued in his office and he says that he has it hanging there to remind him and his staff that "everything has to be covered".


Launching pad for innovation: view of the proposed Lisbon science and technology park

Science and technology

New spirit of enterprise

Portugal pioneered the application of science and technology to commercial endeavour in the 15th century when Prince Henry the Navigator created the School of Sagres. Leading astronomers, shipbuilders and cartographers were challenged to make scientific hreakthroughs thet laid the technological foundation for the Age of Discoveries.

Few snch stimnlating demands are made on Portuguese researchers today. Industry, protected from competition and dependent on captive colonial markets for most of this century, has made little effort to move beyond unsophisticated, low-cost products. Scientists, lacking any challenge from business, have turned to pure research or work for foreign companies with a greater capacity to apply their findings.

The mistrust and misunderstanding that impair the relationship between companies and universities in Portugal is a marked disadvantage for a country now competing in a single European market, where technological innovation is crucial for success. A few notably successful collaborations between husiness and research institutes are exceptions that prove the rule.

Portugal invests only 0.8 per cent of GDP in research and developmeot, compared with a European Union average of 2.5 per cent. Little more than a quarter of the total is invested in industrial research, compared with abont three-quarters for the most successful European economies.

Analysts have repeatedly highlighted the weak link hetween industry and academia as a flaw in Portugal's strategy to huild more competitive companies. Efforts are now under way to rekindle the spirit of Sagres. The most prominent development is Taguspark, a science and technology park due to be completed in 1997. It will create an educational, scientific and husiness community of abont 10,000 people and involve a global investment of some Es50bn ($321m).

The School of Sagres was the Renaissance equivalent of Cape Canaveral, providing a scientific framework that helped lannch Portugal into an era of expansion and wealth. Taguspark has decidedly more modest aims, but nonetheless hopes to build a hridge between science and enterprise that will foster development.

"Our objective is to contribnte to modernising Portngal by creating a new framework for interaction between education, research and husiness and hy building an environment that favours innovation," says José Sucena Paiva, chairman of the Taguspark management board. Emphasis is being given to providing support for technological development by the small and medinm-sized companies that dominate the economy.

The first stage of Taguspark, begun in 1992, will occupy 114 hectares overlooking the Tagus river at Oeiras, a few minntes hy road from central Lisbon. Facilities will include a husiness and innovation centre, designed as a small company incnbator, as well as a scientific and technical information centre, a congress and exhibition hall, a hotel, residential areas and services.

Strong emphasis will be given to education. The Lisbon Technical University (UTL), the Higher Technology Institnte (IST) and the Systems and Computers Engineering Institute (INESC) all plan to open faculties in Taguspark, which will initially cater for about 3,000 university students.

José Tribolet, president of INESC, also wants the project to provide secondary school teaching and short-term professional training courses, which wonld make Portugal a pioneer in stimulating the practical application of academic learning and research.

Large companies are also installing research and development centres in Taguspark. The project's 19 sharcholders, whose investments will be supplemented hy considerahle amounts of EU and government aid, include the state-owned power, telecommunication and post office ntilities.

They have been joined hy important private companies inclnding Banco Comercial Português, Banco Português de Investimento ond the Inter-Banking Services Society (SIBS), a European leader in antomated banking services. Many other companies, inclnding foreign investors, are subseqnently expected to choose what promises to be a fertile new environment for the interchange of ideas between science and industry as a launching pad for innovation.

Peter Wise

MANAGEMENT

Linking up with schools

Employers wanting to build links with education now have a growing body of experience to tap for ideas.

Companies based in rural areas, in particular, can use a close link with a school to improve the skills of children who will later form their main pool of recruits, as well as to advertise themselves as good employers.

UCB Films, the Belgian-owned packaging manufacturer, has set up a link with the local secondary school in Wigton, Cumbria, where it is the largest employer with a workforce of 800. Its three aims are to improve the attractiveness of careers with the company, to aid understanding of industry among teachers and, unusually, to share resources and experience.

That means that the school's teachers provide foreign language tuition to company personnel, and assist with outdoor activities intended to help with management training and development for graduates, senior managers and supervisors.

The services UCB provides to the school are tailored to run throughout the curriculum. It provides work experience, with two weeks guaranteed for every child in year 10 (14- and 15-year-olds. Staff also help with Young Enterprise companies – offering children management experience – and with the Young Engineer of Britain awards – which allowed pupils to help design a vehicle warning device for use at UCB's site.

More imaginatively, it provides help with the history curriculum for 13-year-olds, with pupils visiting the site to help visualise the impact of the Industrial Revolution, and with GCSE geography, where pupils are allowed a perception of the production process, and of the importance of wealth creation.

The link won this year's Gardner-Merchant/CBI Award for Excellence in Education Business Partnership, and is now recommended as an example for other companies to follow.

John Authers

Does the human resource department have a future? Richard Donkin reports

Personnel values

If the late spaghetti western producer Sergio Leone had made a feature film about personnel management – and the likelihood of that was about as remote as the planet Pluto – he would probably have billed it *The Job With No Name*. Its sheer fuzziness and lack of hard performance measures are a constant source of frustration in management circles, as well as provoking suspicions among employees and scepticism among academics. The Trades Union Congress, for instance, recently wrestled with the meaning of human resource management – as personnel is sometimes called – describing it as a "slippery concept" and questioning the motive behind some HRM practices.

The formation earlier this year of the Institute of Personnel and Development – the professional body combining the old Institute of Personnel Management and the Institute of Training and Development – came at a time when some companies were dispensing with their personnel departments completely, choosing to assign the responsibility to line managers. Indeed at this week's annual conference of the IPD in Harrogate, which finishes today, Sir Brian Pitman, the chief executive of Lloyds Bank, told delegates that removing the central personnel department at Lloyds was one of the most effective changes the bank had made.

He said: "Line managers now understand the pains of some of the decisions that personnel has to take."

However, in spite of this, there seems a sense among delegates that their time has finally come.

Mike Bett, the IPD president, summed it up by pointing to a growing recognition that the survival and success of organisations will increasingly depend on their ability to build highly skilled workforces and to release the full potential of employees. "There should be a professional personnel and development specialist on all top management teams: in the boardroom and on the executive committees," he suggested, adding that personnel should be involved in developing front-line boardroom strategy.

Bett's confidence in a rosy future, however, is not universally shared. Earlier in the year a team headed by David Metcalf at the London School of Economics described personnel specialists as "big hat, no cattle" with lots of pretentions and few results. Its research suggested that the presence of a personnel manager was associated with poorer employee relations.

Drawing from the same body of research as thet used by the LSE team – the third Workplace Industrial Relations Survey – but taking a different definition of personnel, David Guest, of Birkbeck College in London, and Kim Hoque, a researcher at the LSE, presented a more positive picture. Their study concluded that HRM was producing superior performances in the workplace. The contribution of personnel specialists, said Guest and Hoque, had been difficult to identify because they often worked by exercising influence in partnership with line managers. This sometimes created ambiguity about personnel responsibilities so that when things went wrong it proved expedient to blame the personnel specialist.

Personnel's influence on strategy is equally a subject of debate and contradictory research. Guest and Hoque quote earlier research which suggests that personnel departments often have insufficient responsibility to influence human resource strategy. They noted another study, however, by Cranfield School of Management and Price Waterhouse International, which found that 43 per cent of personnel directors claim to be involved in the formulation of corporate strategy from the outset.

The IPD's response to personnel's uncertain role has been to place a strong emphasis on sifting good practice from bad in an effort to position itself in Bett's words, as "the pre-eminent professional body influencing and improving the quality, thinking and practice of people management and development".

On the one hand the IPD is promising to extend training and support for often hard-pressed personnel professionals, on the other it is wedging open the door, making itself accessible as a consultancy service and provider of books, reports, seminars and conferences.

Conscious of the jargon, Geoff Armstrong, the IPD's director general, has also committed the institute to encouraging greater clarity of the personnel role. "By removing jargon and barriers to understanding, we must spread the message that the development and management of people is much more than a series of fashionable programmes," he said shortly after the formation of the institute. He believes personnel is "a systematically learnable discipline, with a wide range of explicit competencies which need to be applied appropriately by everyone who has responsibility for other people".

The IPD has warned against what Armstrong calls the promotion by gurus of "the wonders of human resourca management" at tha expense of collectivism, industrial relations and some personnel procedures. "Performance management, single status and individually tailored payment packages are presented as the new snake oil which can achieve miracles anywhere", he says. "Such dogma is misleading and dangerous.

"Useful tools have been packaged up under the banner of human resource management and sold as panaceas, to be applied at any time and place. Without proper regard for the organisation's established culture and particular needs, most such flavours of the month prove deeply disappointing."

The role of the personnel officer or manager, argues Armstrong, is to apply new practices where they are helpful and where thay can be adapted to the specific needs of organisations. "We have seen recently the immense problems which arise when performance-related pay, decentralised bargaining and commercial imperatives are imposed as though they, in isolation, can provide all the answers in our schools and hospitals," he said.

He is distancing the IPD from the concept that HRM should be used as an exploitative tool of management. What lessons can be drawn from human resource management? Will it be a distinct learnable discipline at the cutting edge of organisational and employee development in the 21st century or will it fade away, remembered only as a brave attempt to bag up an elusive set of ideas? The challenge for personnel is to maintain its separate identity in the shifting emphasis within rapidly changing organisations. Leading that shift could ensure that it has a bright future.

How old is your boardroom?

Tim Dickson on national age differences among executives

The US tends to have the oldest company directors. Germany's are marginally more geriatric than the French, while Britain vies with Sweden for the youngest boardroom blood.

These are the main findings of a survey* by Accord Group, an international executive search firm, aimed at identifying the age range of those running top companies in five of the leading western economies.

"If there was e surprise it was that the differences are not actually that great," observes David Dumeresque, a partner in London-based Tyzack & Partners which carried out the UK part of the research and which is a founder member of Accord.

"The idea was inspired by the fuss about Lord Weinstock's age over the summer which made us curious as to whether he is old in relation to directors of companies elsewhere."

Accord looked at the 100 UK constituents of the FT-SE 100 Index, with the top 50 scrutinised in France, Germany, Sweden and the US. Based on the most recent returns or report and accounts individual directors were placed into one of four categories: non-executives; senior executive directors (that is, executive chairman, chief executive, managing director); finance director; and "other" (all other executive directors whatever their responsibility).

The conclusions by country were as follows:

● UK. Senior executives tend to be in their 50s and early 60s with Lord Hanson (72) the most aged and Archie Norman of Asda (40) the most precocious. UK finance directors were among the youngest in the sample, with half being under 50, the oldest 61, and the youngest (BTR's Kathleen O'Donovan) a mere 36.

Only about 10 per cent of UK executive directors remain in post after their 60th birthday, but the majority of non-executives are into their seventh decade. The oldest non-exec is Lord Forte (84), the youngest is 40-year-old Louise Patten (Ladbroke).

● US. While the average age of boards is relatively high, executive directors tend to resign earlier than in other countries. The majority of non-execs are over 64, though the oldest (75-year-old John E Tate of WalMart) is a stripling by international standards.

The majority of American senior executives are over 60, though the oldest (T Marshall Hahn Jr of Georgia Pacific) is only 68, younger than in both France and the UK. US finance directors are also somewhat older than their opposite numbers in other countries with a mean age of 60.

● France. Most categories of directors are at about the mid-point on Accord's international scale. Although the oldest non-exec in France is 85 (Gabriel Mathey of Casino) the majority are in their 60s.

France has the distinction of the oldest senior executive – 76-year-old Antoine Riboud of Danone.

● Germany. The country with the oldest non-exec (88) and oldest executive director (an 87-year-old st Holzmann) in the survey. Over half the non-execs were in excess of 64 and more than 25 per cent over 68.

Senior executives tend to be in their early 60s, but they also retire early with only 10 per cent over 65. German finance directors were the oldest in the survey after the Americans.

● Sweden. Directors here are the youngest in every category, with half the non-execs aged less than 56 and 75 per cent under 62. Ninety per cent of senior executives are less than 59 with only a quarter more than 56. Fredrik Sandelin of Ratos is the youngest finance director in the survey at 32.

As for lessons, Dumeresque is dubious. "There is no right age," he says. "You can find someone completely past it and burnt out at 60, but there are plenty of strong, vibrant 75-year-olds."

On the other hand, he adds, "it does help to be called Hanson" (a reference to the survey finding that the family also boasts the youngest UK executive director in 33-year-old Robert).

Not publicly available but details can be discussed on request.

Building an airport on a man-made island presented special engineering challenges, writes **Gerard Baker**

Japan's flight of fantasy

When Kansai International Airport opened on a man-made island in the middle of Osaka Bay in central Japan, it was greeted by the typical chorus of disapproval that attends most large civil engineering projects; it was too expensive, it was sinking, it was not large enough, it was a white elephant.

It cost more than Y1,500bn (£9.5bn) to build, 50 per cent more than projected when work began 10 years ago. Since the first aircraft touched down on September 4, just 110 arrivals and departures take place a week, compared with the planned-for 454.

But if there is a success story, it is to be found in the architectural and technological achievements of the ambitious project. Nearly 2km long and occupying more than 300,000sq m, it is the world's biggest airport terminal. It sits, wings outstretched like a great gull, on a 520ha artificial island, 5km offshore, joined to the mainland by a double-deck road and rail causeway.

A project of that size brought unique challenges to its engineers, a British-Japanese collaboration of Ove Arup and Nikken Sekkei.

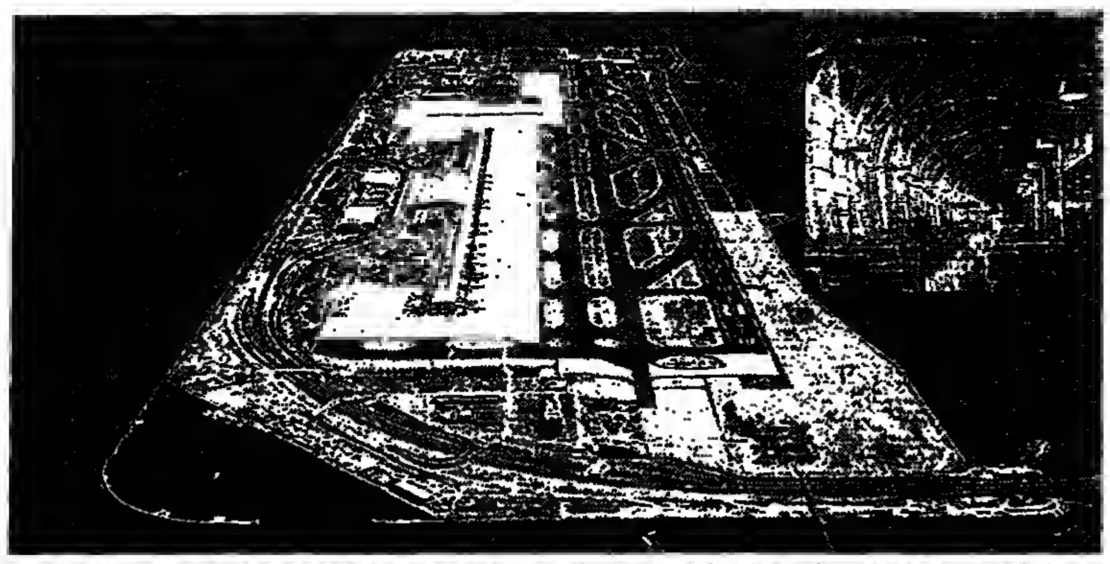
The principal difficulty arose from that scale. The number of flights the airport would be required to handle meant it would be Japan's first 24-hour facility. But the Kansai region is a flat, densely populated plain, flanked by mountains to the north and sea to the south.

A 24-hour airport on such crowded land would require the kind of tolerance of late-night flights for which the Japanese are not renowned. It was decided instead to build an island in Osaka Bay and put the airport there.

In normal circumstances that would have presented few unfamiliar problems. Landfill reclamation is a local speciality in Osaka Bay – there were already half a dozen sites in the bay reclaimed for port facilities when the project started. The initial plans involved building the airport 1km out to sea, like most of the other artificial islands in the area.

But the Osaka Bay's fishing community, which was courted assiduously for permission to build the airport, objected to the idea of a site so close to land within their waters. After a prolonged wrangle, it was agreed to build the island 5km from the shore.

That decision created the principal difficulties for the construction of the island and the terminal building. As John Batchelor, in charge of Ove Arup's Japanese operations, puts it: "The difference between placing something 1km and 5km from land was enormous. Five kilometres into the bay the water is much deeper and the soil much softer.



Kansai's island airport and (inset) the departure wing: the conjunction of form and content makes the building unique in Japan

The volume of landfill on such soil meant the island would settle considerably over a period of a few years."

To minimise the effect of settlement, the subsoils immediately below the seabed bottom, composed of soft alluvial clay, had to be strengthened. This involved draining the clay layer by injecting sand, increasing the density of the soil and hardening it. In total 1m sand drains were installed in the clay, four times as many as have been used in the past 25 years in Japanese offshore construction.

The site was then completed with landfill reclamation. The water depth at the chosen site required soil reclamation of about 33m in depth – a total of 180m cu ft of fill – some 50 per cent more than had ever been used in the construction of similar islands in Japan. Yet the whole process – improvement of the foundations and full reclamation – was completed in less than five years.

But although the strengthening of the foundations had gone a considerable way towards limiting the settlement, it had not been eliminated completely.

This posed a new problem for the construction of the terminal building itself. Tba engineers' calculation was that, following the improvement, the total settlement would be more than 2m, but would be at an exponential rate, with rapid sinking at the outset, gradually diminishing towards zero in the future.

If the settlement occurred to the same degree all over the building, there would be little structural problem, but the danger was that different parts of the building would sink at different speeds, threatening to break the back of the structure.

> **'This is a work of grace and style. It uses technology to perform its basic function'**

Ove Arup and Nikken Sekkei opted for a technique that had been tried in smaller buildings on reclaimed land, but not on the scale of a vast airport terminal. They built a system of computer-controlled hydraulic jacks that actually raise and lower the building's 900 columns. Pipes between the pillars contain advanced spirit levels that measure precise movements of the building.

Every two months the building's maintenance engineers wheel a vast computer around the basement of the building and plug it into each pillar. Tha computer provides a series of readings of the differential movement of each of the pillars. They can then calculate precisely which pillars need to be raised and which lowered. Deep in the foundations, the pillars are then moved up or down by removing or inserting shims – metal wedges that sit beneath them.

The more mundane consequences were also tackled. Over the next 10 years the building is expected to settle by as much as 1m. The jacking system ensures that only the ground level will actually move, while the rest of the building remains intact, but the fact that the settlement is differential means that one side of the building could fall, creating difficulties for walls, doors and staircases.

As Batchelor explains: "The roof and outer walls are fixed but the hydraulics allow the floor to move around like water in a choppy sea. This could create difficulties such as walls with gaps at the bottom as the ground moves."

So, at the ground level all the walls and staircases are longer than they initially need to be. As the floor descends or rises with each jack movement the walls slide out of panels and "stretch". The staircases contain an extra two hidden steps to allow for this movement, and the plumbing systems are all built with flexible pipes. The overall effect is that the passenger does not notice that one side of the building could be 1m lower than the other.

While in the foundations modern applications of the primitive jack keep the building secure, in the roof a new concept keeps it comfortable. A problem that confronted Ove Arup in constructing the interior of the terminal was that Renzo Piano, the Italian architect who designed the building, was concerned that the structure should, from both inside and out, maintain the pure simplicity of its curves, unimpeded by any obtrusions.

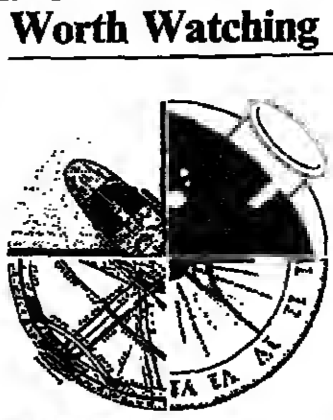
Unfortunately the demands of human comfort require most buildings to have large air conditioning units in their ceiling, involving complex and usually unprepossessing pipes and boxes which Piano was anxious to avoid.

Ove Arup's solntion was the creation of what they call "open air ducts". Seventeen vast blue nozzles pump air at high speed from the ground level of the international departures floor to the ceiling. The air is then conducted along Teflon-coated strips of fabric following the curve of the roof, the shape of which had been determined by the profile that would carry air most effectively across the space. The conducted air then falls, losing speed and circulates back along the floor, producing a cool breeze at passenger level.

The design of the roof also helped facilitate the engineers' safety plans. Japanese regulations require fire-resistant compartments of no more than 500cu m. The Kansai terminal forms a continuous volume of more than 1m cu m. Ove Arup convinced the regulators the high curved roof would allow smoke to rise and stay trapped in the ceiling area for long enough to allow passengers to escape the building.

According to Batchelor, the conjunction of form and content is what makes the building unique in Japan. "Buildings form an essentially practical purpose in Japan," he says. "They are simple, they work and they are boring. This is a building that departs from that tradition. It is a work of grace and style that uses technology to perform its basic function."

Worth Watching · Vanessa Houlder



Building blocks to saving energy

The University of East Anglia is building a lecture theatre and office block, which is designed to consume a fifth of the energy used by a conventional building.

The 3,000 sq metre building is expected to have the lowest energy consumption of any comparable building in the UK, when it opens next January, according to Fulcrum Engineering which designed it with John Miller & Partners, architects. It is expected to use fewer than 50kW hours per square metre per year.

The building, which relies on a high standard of insulation, is designed to require no heating in winter, except for unusually cold periods. It will be cooled by using the exposed mass of the structure to absorb heat during the day, while at night the floors will be cooled by circulating air through the floor slabs.

Fulcrum Engineering Partnership: UK, tel 071 837 6637; fax 071 833 4204.

The eggcellant way to a healthy heart

The risk of developing heart disease can be lowered by eating eggs from hens fed on a special diet, according to Australian scientists.

The 'HeartSmart' egg tastes like an ordinary egg but is rich in Omega 3, a group of fatty acids believed to help cut heart disease. It does not, however, cut the level of cholesterol in the egg, which many scientists believe is implicated in heart disease. The eggs are being marketed in Australia by University Partnerships.

The Omega 3 fatty acids, which are found mainly in fish, are thought to be important in the development of babies, according to David Farrell of the University of Queensland, who conducted the study. He found that breast-feeding mothers could raise the Omega 3 content of their milk by eating the HeartSmart eggs.

University of Queensland: Australia, tel 61 7 365 2573.

Filter system for diesel emissions

Renault, Europe's second largest diesel engine manufacturer, is developing a filtering system to cut emissions from diesel engines in conjunction with Rhône-Poulenc, the French chemicals company.

The programme will build on work by Rhône-Poulenc, which has developed a catalyst derived from cerium. When this is added to the fuel, it lowers the combustion temperature of carbon particles to about 200°C, allowing the particles to be burned off. Diesel engine emissions of nitrogen dioxide and carbon particles are highly pollutive.

Rhône-Poulenc: France, tel 4768 1234; fax 4768 1911.

A quicker lease of life for batteries

A common complaint from users of equipment such as laptop computers is the time it takes to recharge batteries. Most chargers take several hours, while those thet work more rapidly usually shorten the batteries' life.

DSB Special Batteries, a Sussex-based company formerly owned by Duracell Batteries, has introduced technology which cuts the charging time for nickel cadmium or nickel metal hydride battery packs to less than 30 minutes, while extending the battery life by around 50 per cent.

The DSB system uses a charge control chip, developed by Integrated Circuit Systems of the US, which avoids shortening the life of the battery by stopping the process before it is fully charged. It speeds up the charging process by including a discharge pulse in every charge cycle which prevents crystalline deposits from forming. The discharge pulse also overcomes the "memory" effect, whereby batteries that are not fully discharged before recharging lose their capacity to become fully charged.

DSB: UK, tel, 0293 611930; fax, 0293 403396

ARTS

Theatre/**Malcolm Rutherford**

Rambling through history

David Edgar'a new play could be a thriller about art and the work of art historians. It could be about the plight of asylum-seekers in south-eastern Europe. It might be comedy, satire or melodrama. In fact, Edgar has flung in a bit of everything.

Pentecost is at times literally a babble of voices, Christian, Moslem, Jewish, agnostic – a collection of people who have been displaced by the end of communism in Europe and the hostilities in the former Yugoslavia. Yet the play does not start like that.

The set, designed by Robert Jones, is an abandoned church near the border of an unnamed country in the Balkans. The mural behind what must have been the altar is a slice of socialist realism. It is what lies underneath that matters. Could it have been Giotto or, even more tantalisingly, a work that foreshadowed Giotto about a century beforehand?

A female local curator tries with increasing success to convince a visiting British art expert that it is the latter, though be is careful to say that his subject is contemporary, not pre-Renaissance. Still, it looks like one of the biggest art discoveries of all time. Then an American arrives to dispute the findings.

Meanwhile the local Catholic and Greek Orthodox priests are quarrelling about repossession of the church. The minister for restoration in the new regime is suspicious of all foreigners who might want to claim the painting.

All that would be enough for a play in itself, even one – like *Pentecost* – lasting three hours. Just before the interval, however, there is an interruption. In storms a group of refugees, taking hostages and demanding safe passage to e country that will give them a home. The second half is largely a vehicle for letting the refugees explain their various origins, as well as the affinity that can develop between captives and captors. I shall not say how it ends, though it *is* with a bang.

The common theme is that in this part of the world populations have shifted throughout the centuries as invaders came and went. The end of the Soviet empire is only one more change. Yet the price of all that shifting has been the lack of a defined identity.

With the collapse of communism and Soviet rule, some of the characters would like to join the "European Club", but are not sure what the club is, nor whether Europe will have them.

In its present form, *Pentecost* is a slightly rambling piece. Neverthelesa, Edgar writes well, as usual, has some fun with the linguistics and has clearly done his research on art history as well as the Balkans. He is good, without being obscure, at having characters discuss ideas on stage.

Sometimes, too, he comes up with a surprise. The most striking character in *Pentecost* is the American art academic who enters like a freelance photographer looking for a war, but turns out to have considerable expertise – and humanity. This is an excellent performance by Linal Haft.

I liked Jan Ravens with her funny English as the local curator. On the other hand, Charles Kay as the British art expert is a little too much stock Englishman. Direction is by Michael Attenborough; the piece should be cut by about 20 minutes before It comes to London.

The Other Place, Stratford-upon-Avon. Pentecost is financially supported by JBA.

Alastair Muir

Jan Raven as the local curator in David Edgar's 'Pentecost': literally a babble of voices

Theatre/**Alastair Macaulay**

Hopkins reigns over impressive Chekhov

When you see Anthony Hopkins on stage, you realise tbat he has a force of temperament (also of physique and voice) that is rare in our theatre; and that this is coupled to a generally surprisingly low level of energy. The effect makes him seem, much of the time, like a dormant volcano. He does not come on and electrify or galvanise; what fires he reveals have already been long smouldering within.

He is currently appearing at Theatr Clwyd as a Welsh Uncle Vanya, or Uncle Ieuan (pronounced Yuyan, rhyming with Guy-an) in *August*, Julian Mitchell's new adaptation of Chekhov's classic; and, though he has assembled an excellent troupe of co-actors with him, it is easy for him to dominate.

This is not to say Hopkins nut-acts the others. Everything he does has weight and interest; and you can only admire the way he has kept finding new roles to extend himself.

His Ieuan is a shambolic, tottering study in despair, a generous mind caustically embittered by unrequited love and unacknowledged toil, a sturdy type crumbling as he perceives the end of all his hopes. He is always impressive; entertaining, too; and he can make himself by turns absurd, pathetic, infuriating. The way his voice combines leonine power and *dolcissimo* tenderness is riveting, and the wavering off-balance deportment he gives to Ieuan acutely sums up the character. He is not, however, invariably persuasive. The big tirade explosion of Act III is too blustering, the shambling antics sometimes overdone, and he too frequently interrupts or undercuts other actors.

This version of *Uncle Vanya* – Hopkins' first venture as a director – is connected to one of several (!) *Vanya* films at present – for example, Louis Malle'a *Vanya on 42nd Street*. Hopkins has already directed *August* for Granada Film, using several of his current cast, filming it near Theatr Clwyd. Maybe he will seem even more the star of the movie version.

On stage, however, I wish he had cast himself against, in particular, a stronger Astrov (nr, here, Dr Llnyd). Gawn Grainger, who plays this role, is an excellent actor in the wrong part: he has more elegant detachment and ironic languor than this virile role needs.

But Hopkins knows that this is an ensemble play. He certainly gives Grainger full scope to brand Lloyd on our minds, and he has produced sharp character studies all round. His way with Chekhov is basically in the Stanislavky tradition: full of realistic detail, and a succession nf evocative off-stage sounds (birdsonga, church bells, piano music).

With the belp of handsome designs by Eileen Diss (sets) and Dany Everett (costumes), he and his adaptor, Mitchell, bave placed the action on a large Welsh estate during the 1890s – to take away bogus Russian mystique.

There are still times when Chekhov's thongbt remains unalterably Russian, but mainly the effect Is adroit. Especially in the very English moans of Professor Brathwaite (Serebryakov) *against* Wales ("Wales! It's like living in exile . . . I feel as if I've fallen off the earth on to some undiscovered planet." "Wales," here, is what, in Chekhov, is simply "the country"; the Professor will retire to Cheltenham.

As the urbane, testy, selfish professor, Leslie Philips gives one of the two sharpest characterisations. The other comes from Hugh Lloyd as a downtrodden mouth-agape, shuffler. And no one gives a poor performance – however, vocal projection in general is not strong enough, and several soliloquies were slightly dull.

Lisa Orgolin is Helen/Yelena, ntterly convincing as an American beauty (even if I am not convinced that any American beauty in 1890s Britain would regard herself as "always a minor character"); and Rhian Morgan is touching as Sian/Sonya.

Everyone reacts to one another with such accord that the stage world acquires the strange multi-dimensional realism of the best Chekhov. At the end, while Sian speaks of present work and future peace, Ieuan – seated beside her – crumbles before our eyes, Prosser plays his mouth organ, and the two old women – Gwen/Marina (Menna Trussler) and Mair/Marya (Rhoda Lewis) – sit motionless on either side,in the evening stillness, like a pair of Whistler's mothers.

At the Theatr Clwyd, Mold.

Concert/**Paul Driver**

Clarity and intensity

No sooner had pianist Mitsuko Uchida begun her South Bank series of solos juxtaposing Scbubert's and Schoenberg's music, than pianist András Schiff and friends launched their little *Intimate Letters* festival (underwritten by Mrs Jackie Rosenfeld) at the Barbican Centre in which Schubert was paired with a composer who seems no more likely a bedfellow, Leoš Janáček.

They were born within a few hundred Austro-Hungarian miles of each other, Schubert in 1797 and Janáček in 1854, but the gentle *Ländler* influence on the first and wilder Bohemian influence on the second are not very comparable, just as Janáček's compressed, elliptical, nuggety way of writing contrasts starkly with Schubert's serene lyrical expansiveness.

Schiff, who tried out the idea at his 1991 chamber music festival in Mondsee (near Salzburg), believes, however, that the two "strong individual" voices "work beautifully together" and ba is probably, though indefineably, right.

The concert he gave in Barbican Hall with violinist Yuuko Shiokawa and cellist Miklós Perényi interwove Janáček's *Pohádka* ("Fairy Tale") of 1910 for cello and piano, Schubert's melodious *Notturno*, D897, for piano trio, Janáček's violin sonata (1922) and Schubert's E flat piano trio, and was deeply satisfying. That is almost an understatement: their account of the great Schubert trio with its vastly sustained finale was a miracle of ensemble intelligence, a ladder leading straight to musical beaven. The stray slow movement of D897 was no less of a joy: here, as in the large-scale work, Schiff perfectly caught that sublime diaphanous quality so notable in Scbubert's writing for piano-with-ensemble. But he showed an equal sensitivity to the far other idiom – taut, nervous, abrupt, turbulent – of Janáček's piano writing: bis flurries of notea had a wonderfully decisive clarity and both his duet partners played with searching intensity.

Schiff took a modest part in the concert given earlier the same evening by James Wood's admirable New London Chamber Choir and the Guildhall Chamber Ensemble over the water at St Giles, Cripplegate. We beard Janáček's three works for female chorus, all composed in 1916 when men had better – or worse – things to do than sing.

They proved intriguingly diverse in texture, the grim narrative of *The Wolf's Trail* calling not just for the piano obbligato which Schiff supplied but for a tenor who intermittently shrieks; the gently patriotic *Songs of Hradčany* subtly coloured by flute and harp; the pacey ballad of *Kašpar Rucký* stirring up a sonorous devil's brew. The best item was the seqnence of 19 pithy nursery rhymes, *Rikadla* (1926), for small mixed chorus and a bright ensemble including ocarina and child's drum. If the earlier choruses were unusual, this was oddity running riot, and the result a masterpiece.

Schubert is rarely if ever odd. Two of his piano-accompanied, female-voice part-songs opened the final concert of the mini-festival last Wednesday at Barbican Hall. Wood's New London ladies with Schiff'a exquisitely weighed accompaniments found the full measure of limpid classical beauty in *Psalm No. 23* (D706), *Gott in der Natur* (D757) and, with soloist Sarah Walker, in *Ständchen* (D920), which was at once repeated.

That relaxed gesture only confirmed the resemblance of this programme – greatly altered by the indisposition of Ann Murray and Philip Langridge, who should have been giving Janáček's *Diary of One Who Disappeared* – to a Schubertiad.

Schiff offered pellucid performances of two Schubert sonatas, and if he missed the massy raptness of the G major (D894) – the *molto moderato* first movement being taken almost trippingly – he brought to tha A minor (D784) a most moving simplicity and restraint.

Ballet/**Clement Crisp**

Bastille a witness to dancers' pride

The Palais Garnier is closed for refurbishment, and the Paris Opéra Ballet has moved for this season to the Bastille Opera. I think the Bastille a wonderful house: habitués complain about the constant need to go up and down stairs, but it is an airy, grand and welcoming place in which to see the lyric arts, and magnificently planned for its public.

To mark the start of the ballet season in its new home, the first programme – Balanchine and Robbins choreographies – begins with a *Grand Défilé*. Impossible to reprodnce that sense of infinity we know with a *défilé* at the Palais Garnier as the cohorts of school and company process from the chandeliered and *mirrored* depths of the Foyer de la Danse – the line may not stretch to the crack of doom, but it goes back, symbolically speaking, to the age of Louis XIV, founder of this temple.

But Francoise Séguin has devised a setting which cleverly echoes the Bastille's architecture to provide a comparable idea of a long tradition. A curved perspective leads down a ramp on to the stage. There we first see a *petit rat*, who takes a simple pose and leads on the girls from the school as the march from *Les Troyens* rings out. There follow the female ranks of the company, each led by an *étoile*, then the boys of the school, and the men of the troupe, each grade led by a star.

Masses of applause, and splendidly stellar behaviour from the *étoiles* as they reach the front of the stage at alightly hastened pace to greet their adoring public with smiles and glances imperious or beguiling. It is irresistible as spectacle, and how revealing about the pride of the dancers and of the French public – and the French public purse – in the Opéra as a spiffing example of a nation's art. Would we could feel the same about our national ballet, its funding and its popular image.

The parade over, we had the joys of two Balanchine works – *Le Palais de Cristal* and *Four Temperaments* – and Jerome Robbins' *Glass Pieces*. *Le Palais de Cristal* is the Opéra's very own Balanchine, made in 1947 when the choreographer was resident in Paris. It is known elsewhere as the white and sparkling Bizet *Symphony in C*. But at its creation in Paris it had a highly coloured and complex design by Leonor Fini, and was danced in a manner more – shall we say? – temperamental than we know nowadays with New York City Ballet. (Its original cast included Tamara Toumanova in the adagio, Lycette Darsonval, Micheline Bardin, Madeleine Lafon – each a vivid personality.)

Their example, the Fini costumes and the original Balanchine text, linger on. At Tuesday night'a opening of the season, Monique Loudiéres gave a most beguiling account of the second movement adagio, deploying the complete ballerina battery of technique, personality and a femininity that coloured every movement. It was an irresistible and enchanting performance, the epitome of a particular charm and grace of manner. The piece looked very good in this Parisian version. The succeeding *Four Temperaments* was no less fine on the absolute and uncompromising terms of New York's Balanchine.

As if to prove her versatility, Mlle Loudiéres danced the "Sanguine" duet with ideal clarity, well partnered by Jean-Yves Lormeau. Kader Belarbi as Melancholic, Patrick Dupond as Phlegmatic, Carole Arbo as Choleric, caught the style well. After nearly half a century, *Four Temperaments* still looked inevitable and prophetic in this performance.

Robbins' *Glass Pieces*, which closed the bill, might have been made for the Bastille stage. The graph-paper setting matches the bouse's architecture. The mechanical crossing and re-crossing of the stage that start the piece are matched by the crowds on the Place de la Bastille or in the Metro. It is an oddly beartless and urgent work, and Robbins gives the driving repetitions of Philip Glass' music a buman intensity.

It is a ballet I admire rather than like, but the Opéra cast are superb, robot-like or – in the pas de deux well done by Marie-Clande Pietragalla and Jean-Marie Didiére – hieratically moving. *Vaut le voyage.*

The Paris Opéra Ballet repeats the programme on October 31, November 1,4,6 matinee, 8,10,12,15,18, at the Bastille.

INTERNATIONAL ARTS GUIDE

Potter's Animals

The first survey ever devoted to the work of the Dutch painter Paulus Potter (1625-54) opens early next month at the Mauritshuis in The Hague. It will bring together 30 paintings and more than 20 drawings, including loans from museums and private collections throughout the world.

The exhibition aims to demonstrate Potter's versatility and the ingenuity with which he depicted rural Holland. While animals had figured prominently in the work of earlier artists, Potter was the first to specialise in animals. He was the son of a painter and very precocious - his first works are dated 1640, and his most famous picture, the monumental "Young Bull", was completed when he was 22. He died aged only 28.

Potter's precise rendering of detail heightens the familiarity of everyday scenes: bones, muscle and hide are clearly distinguishible in his rendering of cattle, and his paintings always specify the climate and time of day and year.

In addition to animals and representations of cattle in pasture, farmsteads were a favourite subject. "The Large Farm" (1649), on loan from the St Petersburg Hermitage, summarises Potter's entire oeuvre. More than 30 animals and 10 figures are grouped together in a balanced composition rich with anecdote. He also painted landscapes and genre pieces, never shying away from crude details such as urinating cows and horses, defecating peasants and ribald hunters.

Tha exhibition, sponsored by Unilever, runs from November 8 till February 5.

■ EXHIBITIONS

AMSTERDAM

Van Gogh Museum Odilon Redon (1840-1916): 180 works exploring how the dreamlike nature and Symbolist aspects of Redon'a work provided a link between 19th century Romanticism and 20th century Surrealism. Ends Jan 15. Daily

Stedelijk Museum Asger Jorn (1914-1973): the first retrospective of the Danish artist for many years, with 100 paintings and a large number of drawings from museums and private collections. Ends Nov 27. Daily

BASLE

Kunstmuseum Fernand Léger (1881-1955): more than 100 exhibits from international museums and private collections. Ends Nov 27. Closed Mon

Museum für Gegenwartskunst Gary Hill (b1951): a series of new installations and videos by the American artist. Ends Jan 29. Closed Mon

BERLIN

Brücke Museum Early Kandinsky: e survey of a little-known period in the German Expressionist's development, before he made his first abstract painting in 1910 at the age of 44. Ends Nov 27. Closed Tues

Altes Museum Eldorado: pre-Columbian gold treasures from South America. Ends Jan 8. Closed Mon

Kunstgewerbemuseum Gianni Versace: retrospective of the Italian fashion designer, including sketches and theatre costumes. Ends Nov 25. Closed Mon

CHICAGO

Art Institute Karl Friedrich Schinkel (1781-1841): 100 drawings and prints by the influential German architect, on loan from public collections in Berlin. Ends Jan 2. Daily

DRESDEN

Kupferstich Kabinett James McNeill Whistler: a rare German showing of etchings and lithographs. All 62 exhibits were collected in Dresden between 1892 and 1919, and are being exhibited for the first time. Ends Nov 25. Closed Sat and Sun

Albertinum Christian Friedrich Gille: the most comprehensive exhibition yet devoted to the 19th century German landscape painter. Ends Nov 27. Closed Thurs

FRANKFURT

Judische Museum The Rothschilds: an evocation in painting of tha 250-year history of the famous Jewish dynasty. Ends Feb 27

Schirn Kunsthalle Nicholas de Stael (1914-55): retrospective of the Russian-born artist, documenting his intense but tragically brief career. Ends Nov 27. Daily

Jahrhunderthalle Hoechst Contemporary Art from the Collections of Frankfurt Banks. Ends Nov 20. Daily

Deutsches Architekturmuseum Contemporary Architecture in Brazil. Ends Nov 6. Closed Mon

GLASGOW

Hunterian Art Gallery Five Centuries of Colour Woodcuts: the aesthetic and technical history of the colour woodcut from the early 16th to the 20th century, including a magnificent set of 18th century examples by the English artist John Baptist Jackson. Ends Dec 17. Closed Sun

HAMBURG

Kunsthalle Rembrandt and his Century: Netherlandish drawings from the 17th century. Ends Jan 15. Closed Mon

Deichtorhallen Keith Haring (1958-90): 100 large-scale paintings and ceramics by the politically-motivated American artist. Ends Nov 13. Closed Mon

LONDON

National Gallery The Young Michelangelo. Ends Jan 15. Daily

Tate Gallery James McNeill Whistler: the largest collection of the American-born artist's work since the memorial exhibitions held after his death in 1903. Ends Jan 8. Rebecca Horn retrospective (coinciding with another Horn show at the Serpentine Gallery). Ends Jan 8. Daily

Hayward Gallery The Romantic Spirit in German Art 1790-1990. Ends Jan 8. Daily

Royal Academy of Arts The Glory of Venice. Ends Dec 14. Italian Renaissance Book Illumination. Ends Jan 22. Daily (advance booking 071-240 7200)

Royal Festival Hall Käthe Kollewitz (1867-1945): a collection of the German artist's powerful and emotive prints. Ends Dec 4. Daily

MADRID

Fundació la Caixa Kandinsky and Mondrian - Two Roads Toward Abstraction: this exhibition marks the 50th anniversary of the deaths of two great pioneers of modern art. Ends Nov 13 (after which it will transfer to Barcelona). Closed Mon

Fundacion Juan March Treasures of Japanese Art: 110 works from the 17th to 19th century, on loan from Tokyo'a Fuji Art Museum. Ends Jan 22. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Edvard Munch and Germany. Ends Nov 27. Daily

Haus der Kunst Roy Lichtenstein retrospective. Ends Jan 9. Closed Mon

Lenbachhaus Tanzania: 400 masterworks of African sculpture. Ends Nov 27. Closed Mon

NEW YORK

Metropolitan Museum of Art Origins of Impressionism: a landmark exhibition of 175 paintings by Parisian artists of the 1860s. Ends Jan 8. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. William de Kooning's paintings. Ends Jan 8. The Photographs of Edouard Baldus (1813-1889). Ends Dec 31. Closed Mon

Museum of Modern Art Cy Twombly (b1929): retrospective of the American artist who moved to Italy in 1957. Ends Jan 10. The Prints of Louise Bourgeois. Ends Jan 3. Mapping: paintings, drawings, photo-composites and sculptures by around 20 modernists who have mada map imagery e principal focus of their work. Ends Dec 20. Closed Wed

Guggenheim Museum The Italian Metamorphosis 1943-1968: a survey of visual.arts in the postwar period. Ends Jan 29. Japanese Art After 1945: a comprehensive history of Japanese avant-garde art over tha past 50 years (at SoHo). Ends Jan 8. The main museum is closed on Thurs, the SoHo site on Tues

Brooklyn Museum Indian Miniature Paintings: 80 jewel-like paintings from the 15th to 19th centuries, all from the permanent collection. Ends Jan 8. Closed Mon and Tues

PARIS

Grand Palais Poussin: 400th anniversary retrospective. Ends Jan 2. Gustave Caillebotte (1848-1894): retrospective of the painter and patron of art. Ends Jan 9. Closed Tues, late opening Wed

Musée d'Orsay Forgotten Treasures from Cairo: a surprisingly rich collection of works by Ingres, Courbet, Monet, Rodin and Gauguin. Ends Jan 8. Closed Mon

Louvre British Art in French Public Collections: paintings by Gainsborough, Reynolds, Constable, Lawrence, Turner and others. Ends Dec 19. Closed Tues (Hall Napoleon)

Musée Carnavalet The English in Paris in the 19th Century: le style anglais in the aftermath of the Napoleonic wars, comprising French caricatures of the English milord and English painterly evocations of Parisian excesses. Ends Dec 11. Closed Mon (23 rue de Sévigné)

Institut du Monde Arabe Delacroix in Morocco: Delacroix's visit in 1832, when he was 34, made a lasting impression on his art. Ends Jan 15. Closed Mon (1 rue des Fossés Saint-Bernard)

Petit Palais From Baghdad to Isphahan: 70 Islamic manuscripts evoking the ancient civilisation of central Asia, on loan from the Institute of Oriental Studies in St Petersburg. Ends Jan 8. Closed Mon

ROTTERDAM

Museum Boymans-van Beuningen Van Eyck to Bruegel: 96 Dutch and Flemish paintings from the period 1400-1550. Ends Jan 22. Alexej Jawlensky (1864-1941): retrospective of the Russian-born artist who was a member of Kandinsky's circle in Munich. Ends Nov 27. Closed Mon

VIENNA

Kunstforum Herbert Boeckl: centenary retrospective of the Austrian Expressionist, with a representative selection of landscapes, figures and religious subjects. Ends Dec 4. Daily

Künstlerhaus Egyptomania: 300 exhibits showing the influence of Egyptian art on European painters, sculptors, authors and architects from the baroque period to tha present day. Ends Jan 29. Daily

Loss of prudence

Bernard Simon on Canada's big government debt burden

There was a time when one of the world's safest investments was a bond issued by the government of Canada. With a stable political system, a solid, sophisticated economy and a reputation for prudence, Canada was among a handful of sovereign borrowers that could boast a triple-A credit rating.

Canadian bonds are no longer such a safe bet. Together with Sweden and Italy, Canada is now at the top of the list of industrial countries where public-sector profligacy has reached dangerous proportions. "We are in hock up to our eyeballs," finance minister Paul Martin bluntly told a parliamentary committee in Ottawa last week.

The federal government's debt will reach C$550bn (£250bn) early next year, bringing the ratio of debt to gross domestic product, a common measure of a country's ability to service its debt, to 74 per cent. More than a third of Ottawa's revenues is now channelled into interest payments, up from 11 per cent in 1974.

But this is by no means the full extent of the problem. The 10 provinces and public utilities, such as Ontario Hydro and Hydro-Quebec, are also heavy borrowers. Ontario, for example, is among the most active non-sovereign borrowers in the euromarkets. At the end of the current fiscal year, the provinces will have a combined debt burden of more than C$200bn, or 28 per cent of GDP.

"The sheer magnitude of Canada's foreign debt in relation to the size of the economy means that Canada has become excessively vulnerable to the volatile santiments of global financial markets," was the warning in a document distributed by Mr Martin's department last week. "We have suffered a tangible loss of economic sovereignty."

Such warnings do not appear misplaced. The proportion of Canada's total debt beld outside the country is now equivalent to 44 per cent of GDP, with more than a quarter of the federal government's debt in foreign hands. According to one senior Toronto banker, it would not take much, in such a finely balanced situation, to engulf Canada in a full-blown financial crisis.

Investor confidence appears to be holding up, but it is fragile. The gap between Canadian and US hond yields has recently narrowed, with the 10-year spread down to 1.27 percentage points from more than 1.6 points in July. This would normally indicate favourable investor sentiment. However, with inflation virtually non-existent in Canada, real returns are extraordinarily high. The real return on Canadian bonds is more than 9 per cent, against about 5.3 per cent on comparable US treasury bonds.

Some warning shots have heen fired across Canada's bows. The triple-A rating has gone. Moody's, the US credit-rating agency, has downgraded half of Canada's 10 provinces over the past three years, and upgraded none. The agency has also warned that "high public-sector deficits and uncertainties regarding the new Quebec government's sovereignty goals could further agitate the debt markets".

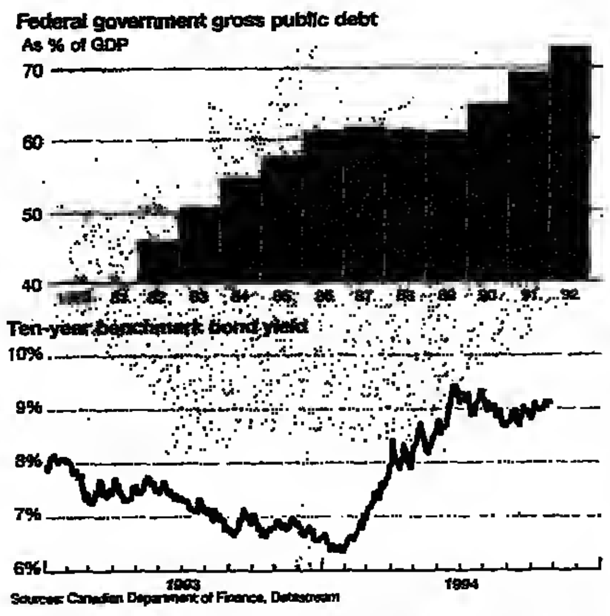
High deficits are certainly agitating Canadian business leaders, who charge that they constitute the most serious drag on tha country's long-term economic prospects.

The Business Council on National Issues, which represents 150 chief executives, recently noted that the "fiscal crisis" had given Canada "real interest rates that are among the highest in the industrialised world, a devalued currency, an alarming amount of foreign indebtedness, declining confidence among Canadian and foreign investors in the management of Canada's public finances, the export of capital, and the expectation that taxes will rise even higher to deal with bloated deficits."

Canadian politicians' record on fiscal policy is dismal. The former Progressive Conservative government, which held office in 1984-93, missed almost every deficit-reduction target, and the budget shortfall in its final year in office was a record C$42bn.

Making matters worse, Ottawa has little control over the provinces' fiscal policies or borrowing activities. Yet transfers to the provinces, to help fund health, welfare and education, consume about 23 per cent of federal spending, excluding debt-service. The federal government and most of the provinces have so far avoided spending cuts in social programmes, although these account for almost 60 per cent of federal spending.

Canada: a fate worse than debt



Sources: Canadian Department of Finance, Datastream

Weary of carrying one of the world's heaviest tax burdens, Canadians appear willing for the first time in decades to accept public service cutbacks. The Conservative government in Alberta is one of the most popular in the country, despite closing schools and hospital beds, and privatising many public services. Thanks partly to rising oil revenues, Alberta is on track to achieve a balanced budget in fiscal 1996-97.

Mr Martin has now put his Liberal government's credibility on the line by promising to chop the federal deficit from C$42bn or 5.4 per cent of GDP last year to about C$25bn or 3 per cent in 1996-97. "It is a target we will meet, come bell or high water," be said last week.

He plans to outline specific deficit-cutting measures in next February's budget.

He will be helped by accelerating business activity, which has begun to boost tax revenues. While federal and provincial daficits were fuelled by overspending during the 1980s, stagnant revennes have since been the main reason for the failure to achieve deficit-reduction goals.

However, there will also have to be cuts in social programmes. Mr Lloyd Axworthy, minister responsible for overhauling the social-security net, has yet to convince the husiness community that he is willing, or able, to make substantial savings.

Fearful of a political backlash, Mr Axworthy published a paper earlier this month which raised numerous options, but contained no firm proposals.

He aims to introduce legislation next spring. But the timetable could slip as special interest groups and the provinces resist change. And Mr Axworthy has avnided the thorny issue of pensions, which the previous Conservativa government tried, hnt failed, to tackle almost a decade ago.

In February's hudget, therefore, Mr Martin is likely to fall back on tax increases and the closure of tax lnopholes to reach his target.

For financial markets, an austere 1995 budget would be no more than a start in tackling Canada's deht problem. A C$25bn deficit in 1996-97 would stabilise the debt-to-GDP ratio, but not reduce lt significantly.

Mr Martin has given no timetable for achieving his long-term aim of a balanced budget. In view of the broken promises of the past, he and his provincial counterparts will need to build a track record before holders of Canadian bonds can relax.

Joe Rogaly

High cost of baksheesh

Just as he was beginning to get a grip on the conduct of our affairs, Mr John Major had to go and mess it up. One minute he was the new John Major, confident, in command, of well-modulated voice and upright mien; the next he was the familiar old John Major, improvising in a crisis, fumbling, blustering, cornered, on the run. The new PM, on display in Belfast last week, glowed with that special authority that comes from experience, survival, and, over Ulster, possible success. He looked as if he might well vanquish Mr Tony Blair, the young man who has come from nowhere to lead the Labour party. The old PM, back in the House of Commons this week, dangled and danced on the political stage, once again the puppet of events.

It is enough to bring tears to your eyes. It is not Mr Major's fault that by the time he became prime minister four years ago his party had already woo too many elections in a row for the country's good. As we have seen in Japan and Italy, parties that govern for too loog turn corrupt. The cases are different: the known and alleged instances of greedy or careless acceptance of favours or cash hy British elected officials are, by comparison with what has been reported in Italy, Japan, France and elsewhere, picayune affairs in which reputations have been lost, and offices forfeited, for the smallest of small change. Nor is it certain that every would-be purchaser of British government influence has received value for money.

For hooourable as some of them affect to he, not all Britain's Conservatives accord proper respect to the principles of baksheesh. The word, derived from the Persian "to give", implies a return of something to the giver. Some of our cheapskates take the bribe, but fail to deliver the goods. That appears to be the essence of Mr Mohamed Fayed's bighly publicised series of complaints against various Tory MPs and ministers. If so, the Egyptian-born financier is not wholly correct. There is prima facie evidence to suggest that other large-scale contributors to Conservative funds bave received whatever dividends the discreet use of patronage or influence can provide. The chairman of Harrods ought to hava appreciated that you can always trust the word of a Tory gentleman, if you have a receipt.

This is not to aver that an absence of probity is a Conservative monopoly. It was the Liberals under Lloyd George who introduced modern marketing methods to the sale of peerages and honours. Past Labour governments have harboured villains of one sort or another. Certain Labour local councils are notoriously rotten. If the next government to be elected in Britain is a Labour one, and if it remains in office for two or more terms, then as sure as Lord Acton walked this earth, the continuous exercise of power will turn the heads of some of even the saintly Mr Tony Blair's blessed colleagues.

That said, it is the Conservatives who have been running the government since 1979. The ministers, MPs and party associates who have fallen from office, or come under suspicion, or squlrmed under the pointing fingers of their accusers are all, to a man, Tories. What the prime minister terms "public disquiet about standards of public life", is not that; it is public disquiet about standards of Conservative life. The Tories are perceived to be the source of connections, influence, trading in favours, the worship of money – the living embodiment of the excesses of the 1980s. In the report of Labour's Commission on Social Justice, published on Monday, there is a reference to a phrase used by an American economist, Robert Kuttner, to wit "every business relationship is a one night stand".

> **The accumulation of news about quick one-night stands, be they at the Ritz or in a Commons bar, has severely damaged the government**

So, it would appear, are many contemporary Tory political-business ralationships. Everyone can see that. The accumulation of news about quick one-night stands, be they at the Ritz in Paris or in a Commons bar, has severely damaged the government. Nobody trusts the Tories any more. Last Friday it was argued here, as elsewhere, that if Mr Major is to regain the confidence of the electorate in the good faith of his government he must make it his overriding purpose to do so. He must understand the depth of mistrust, and respond accordingly. In this he has failed.

He has in fact done the minimum possible, and that as camouflage. An all-party committee that will sit under Lord Nolan will draw up rules for the future behaviour of holders of public office, but it will not investigate existing charges; nor will it ever inquire into what individuals may have done. Some files have heen assessed by Sir Robin Butler, the secretary to the cabinet.

Sir Robin has many excellent qualities, but he is not an inquisitor, and he does his business in private. Hearings will be held by the parliamentary committee of privileges, hut Labour, rightly, insists that it sbould sit in public. Mr Major says this would be against precedent: so is the establishment of the Nolan committee. He says open inquiries would be contrary to natural justice; as Mr Blair said yesterday, courts operate in public. Justice must be seen to be done.

In any case, Mr Major's concern for natural justice is limited by political expediency. He has retained two ministers against whom various allegations were deemed by Sir Robin to be "unsubstantiated" hut dismissed one, Mr Neil Hamilton. I hold no brief for Mr Hamilton, hut Mr Major's treatment of him is, to put it politaly, inconsistent. Yesterday a new report appeared, in which Mr Jonathan Aitken was accused by The Guardian newspaper of lying to Sir Robin about a hotel bill. Mr Aitken has denied this, and Sir Robin has backed him up.

The denials of such people, it is intimated, must be taken on trust. Very well. But are we to take on trust the findings of the Nolan committee if it is not to investigate the finances of political parties? Mr Major has reslsted this; another dodge. Mr Blair, whose sweetly reasonable approach is not always a match for the prime minister's street-fighting, should not let this one go. Dubious money flows to parties, and notably the Conservative party, as well as to individual politicians. If Lord Nolan is as sharp now as he was on the bench he will interpret his terms of reference to include the consequences of political donations from suspect sources. Fate continues to play cat-and-mouse with Mr Major.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Pressure on Canada to make cuts

From Mr and Mrs R L Sillcox.

Sir, We applaud you for your editorial "Canada's debt dilemma" (October 25), which points out that Canada must run a primary budget surplus of 2.6 per cent of gross domestic product before its debt can begin to stabilise. Canada's federal and provincial debt totals 100 per cent of GDP and to keep this from increasing, a budget surplus is now required, even assuming economic growth of 4.5 per cent.

What most taxpayers here fail to understand is that very large spending cuts are required now – not tax increases. In a free country, if taxes are increased, there will be a flight of capital from Canada's high tax regime.

Canadians hope our prime minister and his cabinet have read and taken heed of your fine editorial – and do not increase taxes.

R L and S Sillcox,
RR 3, King City,
Ontario,
Canada LOG 1KO

Debt crunch round the corner

From Mr Andrew Shouler.

Sir, I hope your readership took the trouble to read Mr Jonathan Ruffer's article on bond yields in an historical perspective (Personal View, October 25). Otherwise we may have to wait still further until there is a collective awakening to the peculiarly nasty debt crunch sitting round the corner.

That the "real yields now on offer may ... prove completely unsustainable to service" is not only a pointer towards a tendency to default, but is a reason to anticipate a vicious circle leading in that direction, as markets retreat accordingly and real rates rise further.

Moreover, the fear that will produce a self-fulfilling prophecy may do so also on the further count of inflation, as governments ultimately choose to reflate out of the deepening hole. The vicious circle may thereby be given both momentum and durability.

It would be as comical as it is predictable if it were not deadly serious. Clearly, the dilemma is by no means confined to Canada, spotlighted by your editorial on the same day. America could be hlamed for not hiking short rates fast enough to protect long rates, but perhaps it can smell the problem on its way.

No, the most farcical nonsense is that perpetrated for the past five years in Europe, where the collective public debt/gross domestic product has reached a staggeringly high 72 per cent. On the manic and indefensible pretext of trying to convert Europe into a single state, a needless degree of slump was imposed with mindlessly protracted monetary tightness, and the error compounded with fiscal indulgence. (When will the UK authorities admit out loud that the European dream is the most naked of emperors? This idiocy is something to rebuff outright, not slide towards sullenly.)

This is a self-imposed nightmare. We have been paying a heavy price, and we will keep paying it until we rid ourselves of the statist, social democratic vanities of the political elite. Since they cannot see beyond the end of their noses, truly, we ain't seen nothing yet.

Andrew Shouler,
155 Conway Gardens,
Grays,
Essex RM17 6HS

About right

From Mr David Pollard.

Sir, Geoffrey Martin, head of the European Commission, London, has strongly refuted press allegations that Britain's membership of the EU has cost £235bn, and added that public debate needs to be based on accurate information. A "back of the envelope" calculation (the Common Agricultural Policy, ERM, handing-over of fishing zones, business losses through over-regulation, reduction of Commonwealth trade, Brussels' cut of taxes ...) suggests that £200bn may not be far wrong. Does anyone know where accurate information can be found?

David Pollard,
Nelson & Pollard Publishing,
Folly Bridge Workshops,
Thames Street,
Oxford OX1 1SU

A picture of the UK being increasingly marginalised

From Mr Amory Hall.

Sir, Jce Rogaly's column, "A royal pipe-dream" (October 18), was excellent in drawing attention to the decline, moral and otherwise, that Britain has sadly allowed itself to succumb to. As an ex-pat for the last 7½ years in the US, I have witnessed the UK's increasing marginalisation with growing anxiety.

While other European countries get widespread coverage in US print and broadcast media with their trading, industrial and technological achievements, Britain's coverage seems limited to the latest folly about the royal family or the government. Meanwhile, UK companies, advertising to US audiences, seem to perpetuate the stereotype of the British class system.

The full extent to which Britain has failed to get its message across about the role it can play came home to me the other day. An American friend was discussing renewed tensions in Kuwait and recalled the Gulf war. "I think the hest troops, apart from the Americans and the Israelis, were the Jordanians and the French," he sald. He was unaware of the SAS raids on the Scuds (although John Major has since commented on them), or of the RAF low-level strikes against the Iraql airfields, or, indeed, of any British participation.

The good things that Britain can do get overshadowed by a whole lot of absolutely trite, irrelevant imagery that portrays the country as a museum run hy patronising dodderers for the benefit of a few capricions dnchesses. I have noticed, with reference to your comments on the millennium commission, that many Americans are unsure that Britain truly knows which century is about to close around its ears. Something must he done – unless Britain is to return to its pre-industrial status of an insignificant island somewhere off the north-west coast of Europe.

Amory Hall,
c/o 420 Lexington Avenue,
12th flr,
New York, NY 10017, US

Good start on cuts

From Sir Nicholas Fairbairn MP.

Sir, I have received two parliamentary answers, which might interest the taxpayer.

The first is that £7m per annum is currently spent on sports facilities for civil servants, mostly in London.

The second is that the special unit at Barlinnie Prison, which is intended to redeem recidivist criminal psychopaths was opened on February 5 1973. To date, 36 prisoners have been located there for varying periods of time.

The staffing costs alone run at about £300,000 per annum, or £6m since its opening, which works out at £300,000 per prisoner – with almost nothing to show for it. Could they bring the costs of their little school a bit closer to the £5,000 a year at Eton, or half that for a state pupil.

There, chancellor, is your chance to cut taxes and cut out waste.

Nicholas Fairbairn,
House of Commons,
London,
SW1A 0AA

More like nationalisation

From Mr Terry Arthur.

Sir, Mr Digby Jacks (Letters, October 27) resorts to Newspeak in his anti-privatisation drive. He attributes pensions mis-selling to "the headlong rush to privatise everything, including occupational pension schemes".

If my memory serves, occupational pension schemes had already been "privatised" for many a long year, and it was increasing regulation which set personal pensions alight. In particular, the regulation of private employment contracts, including the unilateral voiding of existing contracts, made it possible for an employee to leave an occupational scheme without leaving employment.

Sanctity of contract is a sine qua non of private enterprise, and regulation is a close relative of (indeed it is a form of) nationalisation not privatisation.

Terry Arthur,
23 St Mary's Street,
Stamford,
Lincolnshire PE9 2DG

Fine service for real people

From Mr Bryan Cassidy, MEP.

Sir, The media (including the FT) has been reporting gleefully on delays to the Eurostar Channel tunnel trains ("Channel train delayed again", October 26).

For regular travellers between London and Brussels, occasional delays of 10 minutes, or even an hour, such as those experienced by Eurostar would be acceptable compared with the discomfort and constant unpunctuality of travelling by air. London Heathrow now has the added inconvenience of buildings collapsing into access tunnels. I will be abandoning the airlines for Eurostar once regular services commence on November 14.

I suppose that one should take some comfort from the fact that these Eurostar delays have not affected real people – only journalists!

Bryan Cassidy,
The Stables,
White Cliff Gardens,
Blandford Forum,
Dorset DT11 7BU

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Friday October 28 1994

Good news from Ukraine

Credit where credit is due. Back in July, the election of a new Ukrainian president offered a chance, nothing more, that the country's government might finally start to get things right. President Leonid Kuchma promised a radical programme of economic reforms to reverse the dismal economic record of the previous three years. Whereupon, the Group of Seven leading industrial countries pledged $4bn to help him. So far, Mr Kuchma is delivering on his promise: so must the G7.

Mr Kuchma was in Winnipeg yesterday to argue the case for receiving $900m to fill the gap in Ukraine's fourth-quarter balance of payments. His claim is that, with the promise of International Monetary Fund support arranged late last month, the country is now set on a programme of reforms which will turn it around. But it needs help to ease the pain of this "shock therapy".

Mr Kuchma is not ths first leader to make such claims, but a number of steps taken in the past few weeks provide reasons to take him at his word. Taken together, these measures begin to tackle the heart of Ukraine's economic problems: the trade balance.

Yesterday's unification of the exchange rate removes a sizeable tax on all exporters' activities. At the same time, the announced reform of many agricultural prices should, if implemented, begin to encourage a recovery in the area, which is the country's best hope for export success.

Weighing heavily, as ever, on the import side of the ledger is the country'a chronic reliance on imported energy supplies. In the medium term, this will continue to be a problem, but plans are now in place to bring domestic energy prices up to world levels by the middle of next year. This will at least encourage more efficient use of energy, although ultimately the bulk of improvements in the trade balance will have to come from exports.

For all the encouraging signs, much could still go wrong with the Ukrainian economy. Many of the recently announced measures still require parliament's approval if they are to be implemented. So far, however, parliament has been less obstructive than many feared. The bigger question marks are external.

In the medium term, the country will not be able to stay afloat without help from Russia. A willingness to help Ukraine, by offering a grace period in the repayment of its hefty arrears, has rightly been seen as a test of Russia's acceptance of Ukraine as a truly independent state. On Tuesday, President Yeltsin expressed himself willing, in principle, to consider a three-to-seven year grace period.

In truth, it is in Russia's own interest to see success in Ukraine, since an unstable Ukraine risks destabilising Russian politics. Helping Ukraine is in the G7's interest too, but it is in a better position to help. The IMF has decided to bet on Mr Kuchma. The G7 should back it up by pledging to help Ukraine pay its oil bills now, not merely next year.

Leading the WTO

Regionalism and protectionism are the greatest threats to the multilateral trading system. Inevitably, they are also creating the chief dangers to ratification of the Uruguay Round outcome, and to selection of a suitable first head of the World Trade Organisation.

Ratification has not proved as easy as was [illegible] when the round was finished in Marrakesh last April. So far only 30 nations have ratified. The decision to set December 8 as the date for the formal implementation conference rests on the assumption that the US, the European Union and Japan at least will have done so by then.

In the US, however, the lame-duck Congress will have to return for a special session after November's midterm elections. But Ross Perot, the Texas billionaire, has already called for delay, while protectionists of left and right are on the attack. Meanwhile, EU ratification has been delayed by a dispute over the powers of the European Commission to speak for member states, to be resolved by the European Court of Justice on November 15.

The US administration believes that a possibly bitter international dispute over who should lead the WTO could threaten ratification. If so, ratification must come first, since failure could mark an end to commercial diplomacy at a global level.

That said, selection of the head of the WTO should ideally happen this year, if the organisation is to get off to a good start next January. Unfortunately, however, an inter-regional combat has now emerged between President Carlos Salinas of Mexico, Mr Renato Ruggiero of Italy and South Korea's trade minister, Mr Kim Chul-su.

This is a destructive way to proceed, as has been demonstrated by the stalemate over who should be the next secretary general of the Organisation for Economic Co-operation and Development.

One problem with so public a combat is that, in the absence of an accepted electoral procedure, any one region will find it humiliating to abandon its own candidate for the candidate of another. Consequently, compromise will become difficult, if not impossible. More important, however, is the fact that the regional origin of the new head is quite unimportant. Or do the combatants fear that Mr Ruggiero would be more sympathetic to the European Union, Mr Salinas more friendly towards the US, or Mr Kim more supportive of Japan? If thet were indeed so, a quasi-judicial body like the WTO would be dead.

What is required is a person dedicated to global liberal trade, who also possesses high intellectual attainments and diplomatic skills. After ratification, the major players should get together quietly to decide who would make the best job of the WTO (and they need not restrict themselves to one of the three candidates). They have the best possible reason for doing so as objectively as possible. The WTO is their baby. They should want it to succeed.

Mozambique poll

First Angola, now – it seems – Mozambique. The last-minnte decision by Mr Afonso Dhlakama, leader of the former rebel Renamo movement, to boycott Mozambique's first multi-party elections is a potentially devastating setback to hopes for a lasting peace in the country, as well as a blow to the wider vision of a stable southern Africa.

Mr Dhlakama'a claim that "massive fraud" left him with no other choice is far from convincing. The presence of a 7,000-strong United Nations monitoring force, as well as some 2,000 international observers, may not be enough to guarantee an election antirely free of abuse. But it should be enough to detect irregularities on a large scale.

Yet the proper response to Mr Dhlakama and his party is not suppression. Renamo, dismissed by many as no more than a creation of white Rhodesia and subsequently adopted by minority-ruled South Africa, has proved surprisingly resilient. Its support cannot simply be explained by intimidation, notwithstanding its atrocities during the civil war.

It has been able to exploit ethnic and regional differences and, not least, hark back to the dismal record of the ruling Frelimo party, now led by President Joaquin Chissano, to its early years in government. Frelimo's nationalisation programme proved disastrous, its approach to government authoritarian until it accepted multi-party slections two years ago, and its own human rights record far from clean.

If pressure from southern African states and western governments can make Mr Dhlakama change his mind, the alection can be put back on track by extending voting over one or two more days.

The chances of Mr Dhlakama changing his mind seem slim, however. Mr Chissano, the likely winner even had Renamo participated in the poll, should seek to defuse Renamo'e challenge hy making clear that irrespective of the outcome of the poll he will form a coalition administration.

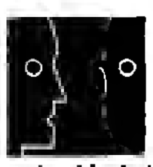
There is no significant ideological difference between the two parties. Any conceivable government would have to carry on with reconstruction of the country under the World Bank's structural adjustment programme. Further, such is the country'e acute shortage of skills, it simply does not have the personnel now to sustain a conventional opposition.

Allocating an appropriate share of government posts to Renamo will be difficult, especially since Mr Dhlakama has deliberately removed the only reliable way of gauging his support. Distaste at his tactics should not, however, deter his opponents and the western donors on whose support Mozambique depends from seeking some accommodation.

Renamo possesses the capacity to destabilise post-election Mozambiqus as the rebel Unita movement did Angola. Accepting it in a government of national unity would be a small price to pay for averting a renewed civil war.

THE FT INTERVIEW: King Hassan

The discreet intermediary



An "economic summit" in Morocco, over a thousand miles away, may seem a cruel irrelevance to relatives of those killed or maimed by last week'a bus bomb in Tel Aviv, or to Palestinians thrown out of work by the indefinite sealing off of the Gaza Strip. But King Hassan II, who will open the Middle East economic summit in Casablanca on Sunday, believes it is highly relevant.

"Peace is not just a paper that you sign," he says. "Peace must have a content. It must forge common interests which put it beyond the reach of a new flare-up. The peace process has no meaning or reality unless it is accompanied by an economic development process."

This is not, be adds, a purely theoretical or long-term vision. He believes the Casablanca conference, to be attended by executives from leading multinational companies as well as heads of state and government, can and must "provide answers in the short term which will change the everyday life of people in the region".

It must, he says, "get across to political and business leaders both that this region has a formidable potential once peace is established, and that it has a desperate need for capital and jobs, which alone can make the peace process meaningful to the great majority of its people".

The 63-year-old king, who granted the Financial Times an interview in the slightly incongruous setting of his royal stables and stud farm, is no newcomer to the Middle East peace process. He has acted as a discreet intermediary in contacts between Israel and its Arab neighbours, and notably between Mr Yitzhak Rabin, Israel's prime minister, and Mr Yassir Arafat, leader of ths Palestine Liberation Organisation.

Last week, in a ground-breaking interview with Israeli television, King Hassan said Morocco had a special relationship with Israel, based on its continuing links with 600,000 Jews of Moroccan origin "whom I consider my children even if today they reside in Israel". An Israeli "liaison office" in Rabat is to be opened today, as a step towards formal diplomatic relations.

Mr Rabin and Mr Arafat will both be in Casablanca on Sunday, despite the tension between them caused by the violence of Hamas, the Palestinian Islamic resistance group. Well aware of the threat this violence poses to the peace process, King Hassan says he was not surprised by the Tel Aviv explosion. He thinks it may well be repeatsd, and both sides should be ready for that.

But this, be says, is a reason to accelerate the peace process, not slow it down. A rapid move ahead to "the second phase, in which the Israeli army will be redeployed and the PLO's administrative authority will no longer be confined to the Gaza Strip and the island of Jericho", would enable Israel and the PLO to work together more effectively to combat violence.

"The longer yon confine this entity to such a small surface," he explains, "the more the dangers will multiply. It's like a theorem in physics: if you have a pressure of 1,000kg on a surface of one square centimetre, it's more dangerous than the same pressure distributed over two square metres."

The scientific simile is typical of a monarch who is determined to modernise his country, seeing no contradiction in ths fact that his authority derives from centuries-old tradition and from religious faith. His only fear, he says, is that "change is coming too slowly", and that "if we do not change, Morocco may fall victim to its own administrative routine". The younger Moroccan entrepreneurs look to him for support in taking on vested interests and opening the country fully to foreign competition and investment.

Some say Morocco has actually benefited from the violent conflict between military repression and Islamic extremism in neighbouring Algeria: Moroccans are more aware thet a liberal monarchy enjoying Islamic legitimacy is a precious asset. All the king will say in public on this snbject is that "Morocco is Morocco and Algeria is Algeria".

In other contexts he stresses Morocco'e advantage in having "existed as a state for 1,200 years". And he brushes aside any idea of a clash of civilisations between Islam and the west. "On the cultural level," he declares, "the west and the Moslem world have contributed equally to world culture... We are just as cultivated as the west,

Rex Features

King Hassan of Morocco: 'This region has formidable potential after peace'

and we will never clash with it on the level of culture or of civilisation."

Politically, however, King Hassan is far from satisfied with the current performance of western Europe. He says he is "very sceptical" about the latest grand design from Brussels for a Euro-Mediterranean Economic Area.

"I'm a bit like St Thomas," he says. "I like to see before I believe. We've had so many promises from Europe. But Europe is expanding. It's trying to digest mentalities and social structures which are different from its own. It's trying to deal with everything at once, and with itself. That's why I don't feel so much resentment towards Europe: it is searching for itself."

Resentment shows through, all the same, and the irony gets heavier when he speaks of the different approaches the EU takes to its eastern and southern neighbours – the formsr being identified as future members of the Union, whereas his own application in 1987 (which be now admits ha himself "did not really believe in either") was laughed out of court.

"That doesn't hurt me," he claims, "because I think Europa remains an entity with a certain memory. They think of themselves as the whites, the colonisers, while we are the former colonies. We are not full citizens. We supposedly have no scholars – and yet we do have them. We have no great professors – and yet we do hava them...

"And so they look for allies more to the east, because there people are white, ... because it's one big family. And then they look across the Mediterranean and say: 'Ah yes, it's true, there are those poor little people that we colonised...'"

Religion, the king insists, plays no part in it. "It's still the memory of the European colonial past which is at work." In the last century, he points out, Europe produced a galaxy of scholars "who had a perfect knowledge of Islam and of Moslem civilisation". If Europe now fears Islam and associatee it witb violence, thet is due to "a regresaion on ths European cultural levei".

Yet he admits that "there are faults on both sides", and be is hoping to improve matters through Ifrane University, Morocco's first private university, which will open its doors to Moroccan and foreign stndents in January. "Inspired by American teaching methods", this will be "open to all revealed religions". But the students, paying a maximum fee of $5,000 a year, will be expected "to specialise in an Islamic subject", as well as study technology and science, including economics and business studies, at the highest international ievel. By the end of a three or four-year course they will "look at Islam in a new way", and will spread its "real image" on their return to their own countries.

The languages of instruction at Ifrane will be English and Arabic, and the choice of English in preference to French is eignificant. One of the colonial legacies King Hassan and his countrymen are most anxious to escape from is what they see as a constricting tete a tete with Latin European culture.

Perhaps for this reason, he is disappointed st the lack of official UK interest in the Casablanca summit. France, Italy, Spain, Portugal and Austria will be represented by their heads of government, and the US by secretary of state Warren Christopber. Britain is sending only Mr Douglas Hogg, minister of state at the Foreign Office, rather than Prime Minister Jobn Major or foreign secretary Mr Douglas Hurd.

"I should have liked Mr Major or Mr Hurd to come in person," says King Hassan wistfully. "After all, Great Britain has always been present in the Middle East, and it was with us in Morocco that she had ber first commercial treaties."

Edward Mortimer and Francis Ghiles

Europe looks for southern comfort

David Gardner on links with N Africa and the Middle East

European Union leaders are expected to bless a plan to embrace North Africa and the Middle East in a free trade zone, at their next summit at Essen in Germany this December.

The EU is tantalised by the prospect of peace between Israel and its Arab neighbours, and terrified of social and political collapse in Algeria, which could trigger mass emigration and spread to the rest of the Maghreb. At last, therefore, the EU is beginning to think strategically abont the southern and eastern shores of the Mediterranean.

The ambition – and it certainly is ambitious – is to create a Euro-Mediterranean Economic Area, helped by more than doubling EU aid to enable participants to restructure their economies.

The proposal, launched by the European Commission last week, is akin to tha European Economic Area, set up with the European Free Trade Association (Efta) this year. Over time, Euro-Med would increase the intensity of EU relations with its southern neighbours to a level approaching that now reserved for the states of eastern Europe.

The obvious difference is that up to four of the Efta partners (Austria, Finland, Sweden and Norway) are set to join the Union next year, and the central Europeans should start coming to around the turn of the century, led by Poland, Hungary and the Czech Republic. There is no question of EU entry for the Union's future Euro-Med partners.

But there is another vital difference: the size of the wealth gap between the EU and its southern neighbours. According to the Commission, average per capita income in the Union in 1992 was $19,942; in the countries of the Maghreb (Morocco, Algeria, Tunisia and Libya) and Mashraq (Egypt, Jordan, Lebanon and Syria) it was $993. This gap is far wider than, for instance, that between average incomes in the US and Mexico, which were joined early this year under the North American Free Trade Agreement (Nafta), the first attempt to yoke developed and developing economies.

Even if output in the Arab Middle East and North Africa doubled between now and 2010 – the target date for a full Euro-Med free trade zone – the income gap would have widened much further, and possibly doubled, because of high population growth, according to the World Bank.

It has taken Europe inordinate time to wake up to this, but now that it has, it is unsurprising to see the Commission's proposal loaded with adjectives snch as urgent, fast, vital, rapid. "At present, political, economic and social conditions in a number of these countries are sources of instability leading to mass migration, fundamentalist extremism, terrorism, drugs and organised crime," says the Commission's document.

> The ambition – and it certainly is ambitious – is to create a Euro-Mediterranean Economic Area

Thus, at one level, what is being advocated is a strategy of containment.

In intra-EU terms, a signal is being sent to Mediterranean member states such as France, Spain and Italy, which will succeed each other in the rotating presidency of the EU from January. These are the countries most exposed to migratory pressure, but they are also the countries that most fsar that expansion to the north and east will shift the Union's political centre of gravity and exacerbate its north-south divide.

"It's important to get something settled now," argues Mr Mannel Marin, the EU commissioner behind the Euro-Med initiative, "otherwise it will be used as a hostage to block negotiations on enlargement to the east."

The Union wants putative Euro-Med associates to see an irresistible offer to modernise and achieve rapid economic take-off leading to sustained growth. Aid, leaving aside soft loans, would rise to a total of Ecu5.5bn to 1995-99 under the Commission plan, near par with planned outlays for eastern Europe over the same period of Ecu7bn. Last year, all non-EU Mediterranean countries got Ecu407m, against Ecu1.04bn for eastern Europe.

In the sbort term, the Union would quickly concinde "association agreements" already under negotiation with Israel, Morocco and Tunisia, analogous to existing treaties with the east Europeans on everything except eventual EU membership.

Tha Commission hopes this will have an exemplary effect, encouraging Euro-Med nations to deregulate and liberalise their economies as the Moroccans and Tunisians have done. Domestic reform and greater market access to the EU helped lift the share of manufactured products in Moroccan exports to the Union from 24 to 66 per cent between 1979 and 1993, and from 40 to 77 per cent in Tunisia's case, one Brussels study points out.

But the study also reveals that liberalisation has benefited EU exporters far more than it has benefited Maghreb and Mashraq exporters – something that Spain, Portugal and the eastern Europeans already know to be a by-product of drawing close to the Euro-club.

For this reason, the future members of Euro-Med are likely to want to see not only the colour of Brussels's money, but real commitment to market access in sensitive areas such as textiles and agriculture, before they commit themselves to such a scheme.

OBSERVER

Slow start to the season

■ Alan Rothenberg, the ambitious Los Angeles lawyer and chief organiser of this year's US football World Cup, probably has a few mixed feelings right now.

While he can glory in the fact that the tournament earned a profit of $60m – twice the original estimates and by far the most money ever generated by a World Cup – and bask in the approval of Fifa, international football's governing body, not everything is going to plan.

Fifa gave the tournament to the US in the hope that it would spread the gospel in the last great territory unconquered by the game.

That evangelism has been cast on stony ground. Fifa wanted the US World Cup to boost a new US professional outdoor football league, known as Major League Soccer. The MLS is due to kick off in April 1995. But so far only seven cities have agreed to host an MLS team, leaving five of the spots unfilled. It seems big investors and corporate sponsors are shying away, and MLS may not have enough money to make its debut. Rothenberg has hinted that MLS's opening may be delayed until 1996. He has to make his mind up in the next 10 days.

If MLS fails to appear in 1995 the US Soccer Federation – president, Alan Rothenberg – could be covered in embarrassment. Mind you, he can comfort himself with $7m in pay and bonuses, awarded to him last week for organising the 1994 World Cup.

Weighty matters

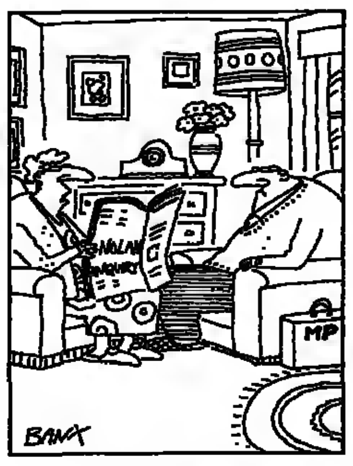
■ Read the small print – always. The latest brochure – printed in English – from Matif, the French financial futures market, concerns tha new rapeseed market, which opens in Paris today.

Unfortunately, it translates world production of "metric tonnes" into "tons", without realising that they are not quite the same thing and that a conversion would be illuminating. Still, what's a few pounds – is thet weight or currency? – between friends?

High achiever

■ The chattering classes in the City of London know all about PosTel boss Alastair Ross Goobey, 48, and Matthew Oakeshott, 47, co-founder of Olim money managers. Both learnt their trade managing the Courtaulds pension fund. However, few have heard of the man who came before and after them – John Evans, 59, who steps down at the end of the year.

Of the three, Evans probably turned in the best long-term performance. During his stint on the bridge, the fund has outperformed its peer group by about 1½ per cent a year. Might



'What if they find those towels you stole from the Ritz?'

sound peanuts, but it is the equivalent of nearly £20m a year, or about a tenth of Courtaulds' profits. Rather than a gold watch for 28 years' service, perhaps Courtaulds should reward Evans with a performance-related pension?

Currying favour

■ What do ex-UK chancellor Lord Howe and his former Indian counterpart Ramaswamy Venkataraman have in common? Their published memoirs have caused political ripples.

The two men exchanged a mischievous smile at the London launch this week of Venkataraman'a autobiography, which has already caused a big stink in Delhi. Venkataraman, who – after a stint at the finance ministry – became president, is the first Indian head of state to go into the memoir business.

Lord Howe slipped his friend a copy of his own memoirs, before recalling his letter of congratulation on Venkataraman'e elevation to the presidency: "If a cat may greet a king, an ex-finance minister can greet a president." Baffling stuff.

Noble Swiss

■ Believe it or not, a former Swiss cabinet minister is refusing to accept the juicy SFr190,000 pension to which he is entitled.

Rudolf Friedrich, who is best known for a 1982 law that bears his name and which restricts the sale of Swiss property to foreigners, says he does not need the money. The 71-year-old Friedrich says he also feels uncomfortable becanse he had to resign for health reasons after being in the cabinet only 22 months.

Not so much sleazing as pleasing.

Evasive action

■ Earlier this year Andy Allan, chief executive of Carlton UK Television, raised eyebrows by refusing to let MPs see an untransmitted investigation into controversial parliamentary lobbyists Ian Greer Associates and then abandoning the programme.

Allan is out of luck again, this time over footage of MP David Mellor. Mellor was to feature in another programme as an example of an MP with considerable extra-parliamentary interests. Allan has supported Carlton TV managing director Paul Jackson's decision not to use footage which Mellor feared might depict him as "shifty and evasive".

The programme-makers threatened to leave a 30-second black hole where Mellor would have appeared. But Independent Television's network centre – has refused to broadcast a programme with a hole in it. Carlton TV has now decided to show old footage of Mellor in the House of Commons. The programme-makers are still sulking and threatening to have their names removed.

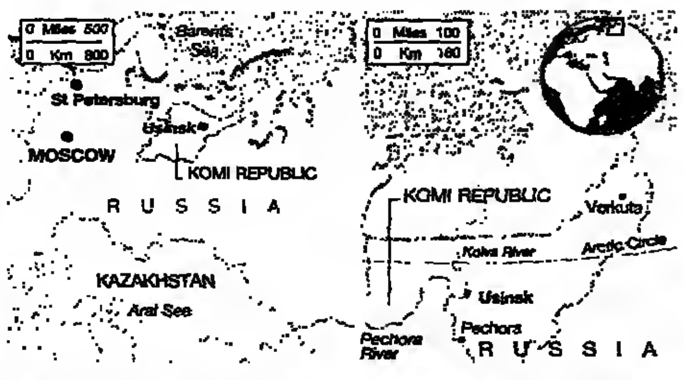
Cut!

■ No man is a hero to his barber. Terry Byland, the FT's UK Stock Market Editor, called in at Khops, the Bow Lane barber who crops many well-known City heads, including Sir Samuel Brittan's. "Glad to see you, sir," was the opening shot. "Saw you on TV the other day talking about the dollar. Very interesting, sir, but if I may say so, you looked as if you needed a good haircut." Byland gave him a larger than usual tip.

FINANCIAL TIMES
Friday October 28 1994

Russia admits oil spill threat to environment

By John Thornhill in Sektyvkar, the Komi Republic, and John Lloyd in Moscow



The Russian government yesterday admitted that an oil spill in the Arctic region of Komi was "potentially very dangerous" for the environment, though local officials insisted the damage had been limited.

Mr Alexander Shuval, press director of the Environment Ministry, said 14,000 tonnes of oil (130,000 barrels) had leaked from a ruptured pipeline in an oilfield near Uzinsk, in the north of Komi.

In the Komi capital of Sektyvkar, Mr Anatoly Nyukin, head of the civil defence department, said he had not seen a single bird or fish affected by the oil spill. Officials also said that Komi did not need outside help in the clean-up. Tha US has offered assistance.

Mr Nyukin said the effects of the oil spill had been confined to a 9km stretch of the River Kolva, which flows into the River Usa, which in turn runs into the Pechora River and to the Barents Sea.

He said very heavy rains had burst the dam in which the oil had been held, following the rupture of a pipeline, and had spread the oil over 18 hectares of land. However, the spillage had been stopped, he said.

US experts estimated that up to 2m barrels (over 270,000 tonnes) of oil had leaked from the pipeline, ten times the Russian estimate. They also claimed the rupture had not been properly repaired.

Mr Sergei Shoigu, the Russian minister for emergencies, said the leak had already cost Rbs62.2bn ($20.3m) to contain.

Bad weather has prevented a team of Russian experts from reaching the site of the spill, more than 1,000 km (700 miles) north-east of Moscow.

The pipeline, which carries oil from producing areas in the Arctic to refineries in central Russia, sprang a series of leaks in August.

Western oil experts, charging that 10 per cent of Russian oil leaks away each year, said it was a disaster waiting to happen.

"Many of the (former Soviet) pipelines suffer considerable corrosion," said Mr Egil Bergsager, of Norway's Rogalandsforskning Institute in Stavanger. "I would not be surprised if we get more accidents like this."

The environmental group Greenpeace claimed Russian companies pumped oil down the damaged pipeline, although it had "as many holes as a Swiss cheese". The pipeline operator, Transneft denied the charge.

Minister denies lying in UK sleaze storm

By Philip Stephens, Kevin Brown and Robert Peston

The UK government's bitter confrontation with Mr Mohammed Fayed, the owner of Harrods, erupted into a new political storm at Westminster yesterday as Mr Jonathan Aitken, the Treasury chief secretary, denied he had lied to the cabinet secretary.

With Mr John Major's administration engulfed by new "sleaze" charges, the prime minister disclosed that police were investigating whether an intermediary for Mr Fayed had sought to "blackmail" the government.

The row prompted an angry clash in the House of Commons between Mr Major and Mr Tony Blair, the Labour leader. Mr Blair called for public investigation of the allegations and demanded to know why Mr Major had earlier this week sacked Mr Neil Hamilton as industry minister.

Mr Blair was accused by the prime minister of descending into the "gutter" of public life by giving credence to unsubstantiated rumours.

Opposition MPs in turn demanded that Mr Major order Conservative Central Office to return the £250,000 ($395,000) that Mr Fayed says he paid to the party during the 1980s.

Mr Aitken's denial that he had allowed a business associate to pay some, or all, of a bill for a two-day stay last year at the Ritz – the Paris hotel owned by Mr Fayed – was reinforced by a letter to the Guardian newspaper by Sir Robin Butler.

Commenting on suggestions that Mr Aitken had lied to him during an earlier probe, Sir Robin said: "For the record, I do not regard Jonathan Aitken as having lied to me or misled me."

In a reference to Mr Aitken's Ritz account, Sir Robin told Mr Peter Preston, the newspaper's editor: "I am satisfied that, despite the discrepancies in the billing to which you have devoted so much attention, Mr Aitken and his wife paid their bill at the Ritz in full."

In the Commons, Mr Aitken accused the newspaper of "hysterical, sleaze journalism".

But Labour continued to demand an explanation of why Mr Aitken's account for the Ritz stay shows only a FFr4,257 ($804) payment towards a total bill of FFr8,010, transferred to the account of Mr Said Ayas, a former business associate.

Amid concern among Tory MPs that the government is being dangerously damaged by the stream of allegations of impropriety, Mr Fayed also attacked Mr Aitken's explanation.

Mr Fayed said he was "surprised that the Cabinet secretary had reached his decision without reference to me".

Brazil may use armed forces to curb Rio's drug traffickers

By Angus Foster in São Paulo

Brazil is considering sending its armed forces into Rio de Janeiro's shanty towns to combat the city's drug traffickers amid widespread concern that the police have lost control and are heavily involved in corruption.

Mr Fernando Henrique Cardoso, due to take over as president on January 1, yesterday added to calls for the outgoing administration to act.

He said he favoured military intervention in Rio, which he described as being in a state of "undeclared civil war".

Calls for troop deployments have been welcomed by Rio residents who are tired of the city's spiral of violence and corruption. However, previous proposals have been blocked by Rio politicians, who fear losing power to the federal government.

Outgoing President Itamar Franco now appears ready to act, but may not have enough political backing. Putting troops on the streets would be controversial given Brazil's unpleasant memories of 21 years of military rule which ended in 1985.

The latest proposal follows a shoot-out 10 days ago in a Rio shanty town in which police killed 13 people, including a two-year-old boy. Police said they were hunting drug traffickers who had attacked a police station a few days earlier.

However, fights between police and drugs gangs are more often caused by competition for control over drug networks.

Following the incident, the justice ministry and armed forces delivered a confidential report to Mr Franco which is thought to have raised the possibility of military intervention.

A spokesman said the president was still "analysing" the report and no action would be taken ahead of a scheduled meeting on Monday between the president and Mr Nilo Batista, Rio's governor.

If Mr Batista requests intervention, the federal government is thought ready to deploy troops quickly. However, if he opposes the plan, tha government could announce a "state of defence", short of a state of emergency, which would allow it to remove him from his post.

The outgoing government is thought reluctant to take such a measure because it would require congressional approval, which might not be forthcoming so close to the government's end of its tenure.

Military leaders are believed to favour intervention, although they admit it could be risky. Most of Rio's drug traffickers live in the centre of the shanty towns. These are often perched on the top of hills and innocent bystanders would probably be caught in the crossfire if troops intervened.

The military is also worried that a prolonged period of patrolling the shanty towns could lead to poorly paid troops being co-opted by drug traffickers, which is how corruption of the police force started.

Credito Romagnolo

Continued from Page 1

year if the offer is to go-ahead. The largest shareholder in Credito Romagnolo is France's BNP with 6.8 per cent. The De Benedetti group has just under 5 per cent.

Between 1984-88 there was a fierce struggle for control of the bank when a De Benedetti co-ordinated alliance fought off take-over attempts by the Fiat group. However, there are also some 28,000 small shareholders.

Since privatisation earlier this year, Credito Italiano has come under the effective control of Mediobanca, the powerful Milan merchant bank headed by Mr Enrico Cuccia. It is hungry to establish itself as the leading privately-owned bank and is in the process of raising L1,520bn for acquisitions. Romagnolo has itself been trying to expand over the past three years by buying up smaller regional banks.

THE LEX COLUMN

Chemical attraction

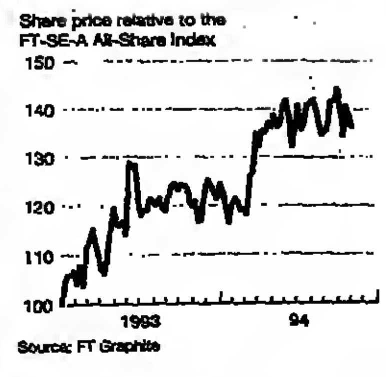
Fears that this year's strong demand growth for commodity chemicals was merely restocking were confounded yesterday by ICI's third-quarter results. The figures were unusually strong, even for this stage of the cycle. Heady demand in Asia and the US has led to a change in trade flows, reducing imports into Europe and increasing exports. With rising world demand and limited new supply, prices should rise sharply. Spot commodity chemical prices have already increased, though ICI is yet to benefit fully because contract price rises have only just started coming through. These will be driven still higher when European domestic demand, which has so far remained weak, really recovers. ICI's downstream businesses, such as paints, may suffer from raw material cost inflation. But such pressures should be more than offset by commodity chemicals.

The question remains whether ICI is fairly valued. The issue is one of timing. When its earnings peak, ICI's shares will stand at a discount as investors anticipate the cyclical downturn. But with possible earnings growth next year of 50 per cent, selling now would be a mistaka. The chemical industry typically suffers from supply-driven not demand-led recessions. So the right moment to sell will be when capital expenditure reaches unsustainable levels. Four years ago, the group's capital expenditure was £1bn compared with depreciation of just £525m – a clearly unsustainabla ratio of nearly two. Last year ICI's ratio was 0.9, suggesting there is a long way to go before over-capacity once again becomes a problem.

FT-SE Index: 3029.6 (+29.7)

ICI

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

UK tourism

An industry where revenues grew by almost 13 per cent a year between 1985 and 1992 would appear to be in good health. But the British Tourist Authority is not satisfied. It points out that, while the UK is still sixth in the destination league, its share of world tourism has been declining steadily. Rather than accepting this as inevitable – since less developed destinations are likely to grow faster – the authority believes the loss of market share can be tackled with a little more public money.

Given the jobs created by tourism, it might well be desirable if Britain could keep pace with world market growth. It is less clear that it is physically possible. At present levels of spending per head, such growth would mean visitor numbers rising more than 50 per cent by 2001. However successful the efforts to tempt visitors to travel out of season to less congested areas, there must be some doubt whether the system will be able to cope. The answer may be to concentrate less on numbers and more on increasing spending per head. For companies such as Forte or British Airways, it is quality rather than quantity that counts. Tha priority for the industry as a whole should be to improve the quality and range of facilities it offers. Due to the impact of the recession on room rates, British hotels are less uncompetitive than they were. But they still suffer from relatively high costs. For many, the best strategy may be to move further upmarket.

Italian banks

Italy's fragmented banking sector certainly needs rationalisation. But ona wonders whether Credito Italiano's L2,000bn bid for 48 per cent of Credito Romagnolo is the right way of achieving it. Recently-privatised Italiano is still suffering from its public-sector past. Its return on assets at 1.39 per cent in 1993 was much lower than Romagnolo's 2.25 per cent. In a rational world, more efficient institutions would take over their less efficient rivals, not the reverse.

Those who bought shares at the time of Italiano's privatisation last year cannot be too pleased. The share price had slumped following last month's announcement of a L1,520bn capital-raising. Yesterday, the shares fell further and are now nearly 25 per cent below the privatisation issue price. Investors may be puzzled why Italiano is issuing its own shares at a discount to net assets, while bidding for Romagnolo's at a premium.

Observers detect the hand of Mediobanca, the powerful Milanese merchant bank. It effectively controls Italiano and is keen to extend its influence in the commercial banking sector. Mediobanca also controls Banca Commerciale Italiana, another newly-privatised bank that recently raised L1,575bn for its own acquisition war-chest. Unsurprisingly, the market is betting BCI will launch its own banking bid, Ambroveneto being the favoured target. With its shares now almost 40 per cent below the privatisation price, BCI investors are also paying for their management's excessive ambition.

Japanese electronics

Japan's electronics industry is enjoying a good year. Yesterday's first-half results from a batch of the largest groups – NEC, Fujitsu, Hitachi, Toshiba and Mitsubishi Electric – were not only much improved on the first half of 1993; in most cases, they comfortably exceeded expectations. But the overall progress hides two rather different stories: profits from the "upstream" components businesses, notably semiconductors, raced ahead; but there was continuing disappointment in the "downstream" markets, particularly audio-visual products.

The upstream business is being driven by the explosion in sales of personal computers, especially in the US. Worldwide demand for chips should continue to grow strongly next year with the shift to more memory-hungry programs and multimedia gadgetry. Because of high operational gearing, the increase in demand has a disproportionately large effect on industry profits. Downstream, the outlook is less bright. Demand for consumer electronics products inside Japan is slack, prices are depressed and the industry is suffering competition from cheap imports.

The progress upstream more than compensates for the disappointment downstream. The quality of earnings from semiconductors is high: chip prices are fairly firm and the competitive advantage of Japanese industry in the memory chip market looks sustainable in the medium term. The one concern is that the industry was so keen not to repeat the 1980s mistake of over-investing in new chip capacity that it may now be unable to satisfy the soaring demand.

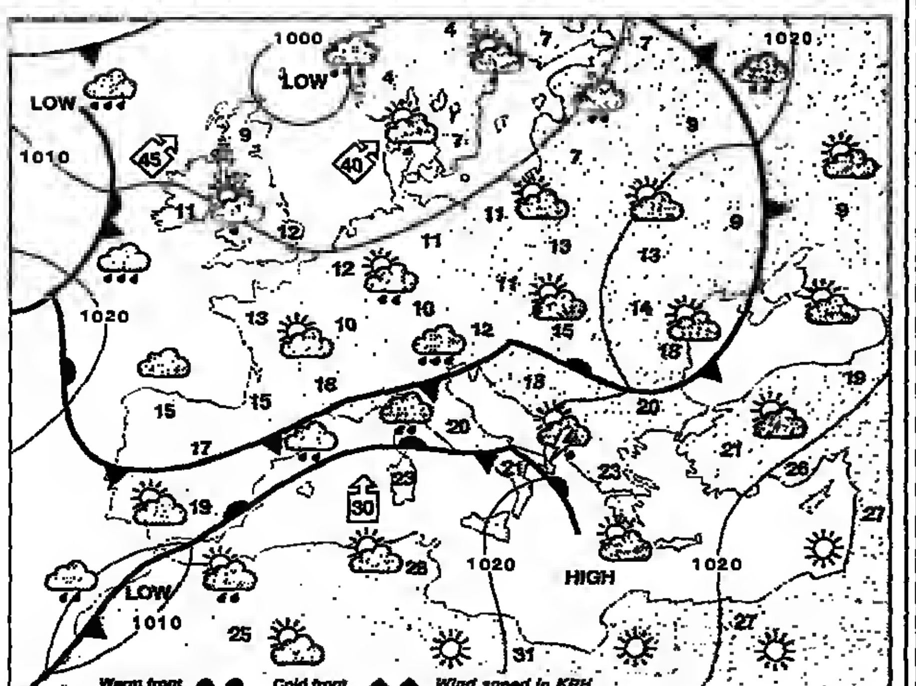
FT WEATHER GUIDE

Europe today

A nearly stationary area of low pressure close to north-east Scotland will continue to promote unsettled conditions over most of the north-west of the continent. Showers will occur in the UK, tha Benelux and northern France. Eastern Franca and tha Alps will be overcast and rainy. Showers, some with thunder, will affect northern Italy. Spain will have some sun though rain will linger in eastern parts. Southern Italy and the south-west Balkans will have limited sun as thunder showers arrive. The south-east Mediterranean will have a lot of sun. The rest of central and eastern Europe will be dry with cloud interspersed with sun. Scandinavia will be mainly overcast.

Five-day forecast

Low pressure over the North Sea will weaken as a new depression approaches from the Atlantic, causing unsettled conditions to linger over north-west Europe. South-east Europe will hava thunder showers during the weekend but sun will return to south-western areas. Unsettled conditions over northern Europe will spread into Russia as high pressure begins to lose its influence.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

Abu Dhabi	sun	32
Accra	fair	31
Algiers	fair	27
Amsterdam	shower	12
Athens	sun	24
Atlanta	fair	21
B. Aires	fair	19
B.ham	fair	11
Bangkok	fair	32
Barcelona	shower	20
Beijing	fair	16
Belfast	shower	10
Belgrade	fair	21
Berlin	shower	11
Bermuda	shower	26
Bogota	cloudy	21
Bombay	fair	35
Brussels	cloudy	12
Budapest	cloudy	15
C.hagen	shower	10
Cairo	sun	30
Cape Town	cloudy	22
Caracas	cloudy	31
Cardiff	shower	11
Casablanca	fair	23
Chicago	shower	17
Cologne	shower	12
Dakar	fair	30
Dallas	sun	24
Delhi	sun	33
Dubai	sun	33
Dublin	shower	10
Dubrovnik	fair	21
Edinburgh	shower	10
Faro	shower	21
Frankfurt	shower	11
Geneva	cloudy	11
Gibraltar	thund	21
Glasgow	rain	11
Hamburg	shower	11
Helsinki	cloudy	7
Hong Kong	fair	27
Honolulu	cloudy	32
Istanbul	sun	20
Jakarta	fair	32
Jersey	cloudy	12
Karachi	fair	34
Kuwait	sun	34
L. Angeles	fair	23
Las Palmas	fair	25
Lima	cloudy	22
Lisbon	cloudy	19
London	fair	12
Lux.bourg	cloudy	9
Lyon	rain	13
Madeira	fair	24
Madrid	cloudy	17
Majorca	shower	22
Malta	sun	26
Manchester	shower	11
Manila	cloudy	32
Melbourne	shower	17
Mexico City	fair	21
Miami	fair	28
Milan	cloudy	13
Montreal	cloudy	11
Moscow	rain	3
Munich	drzzl	12
Nairobi	shower	26
Naples	sun	23
Nassau	fair	29
New York	fair	18
Nice	cloudy	17
Nicosia	fair	26
Oslo	cloudy	4
Paris	shower	14
Perth	fair	21
Prague	cloudy	11
Rangoon	sun	33
Reykjavik	snow	1
Rio	cloudy	25
Rome	fair	22
S. Frsco	fair	20
Seoul	fair	16
Singapore	shower	29
Stockholm	cloudy	7
Strasbourg	shower	11
Sydney	fair	28
Tangier	fair	23
Tel Aviv	fair	29
Tokyo	shower	21
Toronto	fair	13
Vancouver	shower	10
Venice	fair	15
Vienna	cloudy	12
Warsaw	shower	11
Washington	fair	20
Wellington	shower	13
Winnipeg	fair	11
Zurich	shower	9

FINANCIAL TIMES
COMPANIES & MARKETS
Friday October 28 1994

IN BRIEF

Firm recovery for Japan's electricals

Japan's integrated electrical machinery manufacturers posted a firm recovery in first-half profits thanks to buoyant demand for electronic devices and cost-cutting measures.

Another leading Japanese company, All Nippon Airways, reported a sharp drop in first-half pre-tax profits, despite a moderate recovery in passenger volumes.

Meanwhile, the Japan's finance ministry suffered embarrassment over the partial privatisation of Japan Tobacco, whose shares made their Tokyo stock market debut. The shares ended the day 23.5 per cent below the public offer price, and wiped some Y133bn ($1.4bn) off shareholders' investments. Page 36; World stock markets, Back Page

Eurotunnel faces investigation
The Commission des Operations de Bourse, the *French market* regulator, has launched an official inquiry into whether EuroTunnel, the Channel Tunnel operator, fairly presented its financial position in its prospectus in May this year.

Strong demand helps SKF
SKF, the world's leading maker of roller bearings, announced a SKr1.8bn ($297m) swing into the black at nine months, helped by strong demand from car and truck manufacturers in Europe and the US. Page 22

Burlington raises Santa Fe bid
The battle to create the largest railway network in the US intensified yesterday when Burlington Northern increased its bid for Santa Fe Pacific. Page 25

Daimler-Benz maintains growth
Annual turnover at Daimler-Benz is expected to *exceed DM100bn ($65.87bn) for the first time this* year, following a 9 per cent sales rise. Page 22

Scotgen makes rival bid for Porton
Scotgen Pharmaceuticals, the Anglo-US drug company, made a *rival bid for Porton International, the* UK biotechnology group which announced an agreed takeover this week. Page 24

Derivatives lift G&N 38% to £14m
Gerrard & National Holdings, the financial group yesterday demonstrated the success of its diversification into stockbroking and derivatives with a 38 per cent rise in pre-tax profits. Page 28

European Court rules against Ladbroke
The European Court in Luxembourg yesterday threw out an attempt by Ladbroke to break the French state-owned betting monopoly, the Pari Mutuel Urbain. Page 30

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Degussa	445	+	11
PWA	226	+	4.5
Varta	314.5	+	5.5
Falls			
CKAG Col Fr	785	–	16
Lufthsa	650	–	20
Thyssen	278	–	4.2

NEW YORK ($)

Rises			
AMR	52¾	+	1¼
Citicorp	45⅝	+	1⅛
Dow Chem	73⅝	+	⅜
UAL	87⅞	+	1⅞
Falls			
Pit Bowes	32⅞	–	1½
Xerox	104½	–	3⅛

New York prices at 12.30pm.

PARIS (FFr)

Rises			
Accor	579	+	34
Cred Fonc	772	+	40
Damart	5760	+	270
St Gobain	653	+	15
UFB Locab	359	+	14
Falls			
Euro RSCG	585	–	15

TOKYO (Yen)

Rises			
Calsonic	739	+	22
Daishowa	828	+	42
Falls			
Brother Ind	700	–	20
Mori Seiki	2680	–	80
NOK Corp	919	–	21
Nissin El	781	–	19

LONDON (Pence)

Rises			
Argos	148	+	9
BAT Inds	432	+	15
Eng China Clay	354	+	22
Eurotunnel	228	+	10
Flying Flowers	77	+	2
Gerrard & Natl	454	+	18
Jupiter Tyndall	355	+	19
Kwik Fit	158	+	7
Medeva	174	+	9
Pearson	613	+	18
Redland	481	+	12
Scantronic	20	+	2½
Seton H'care	359	+	13
Severn Trent	558	+	15½
Tadpole Tech	365	+	10
Falls			
Blocam	19	–	11
Brit Airways	353½	–	10½
Cannon St	11½	–	4
Country Casuals	82	–	6
Guest	192	–	7
ICI	786½	–	12½
Pressac	100	–	19
Schroders	1318	–	12
Shiloh	145	–	13
Tottenham	118	–	9

Procter sues bank over derivatives

By Richard Waters in New York

Procter & Gamble has filed a lawsuit against Bankers Trust seeking damages of more than $130m over a derivative contract that caused a big loss at the US consumer products giant.

The legal action is the second against Bankers Trust in recent weeks over losses stemming from derivatives, and marks a rare legal battle between one of the US's biggest companies and a leading bank.

In its lawsuit, filed in federal court in its home town of Cincinnati, P&G claimed that the bank did not "accurately and fully" disclose information about the derivative contract. It is claiming $130m in compensatory damages, and an unspecified amount of punitive damages.

"Bankers Trust called themselves the experts and encouraged Procter & Gamble to enter into a transaction we never would have accepted had it been fully and accurately presented," Mr Edwin Artzt, chairman, said. Contrary to the bank's claims, he added, the contract "clearly wasn't" developed to meet P&G's needs, and a "safety valve" that it claimed was built into the agreement turned out to be "an illusion".

The most successful and ambitious of the US banks in the fast-growing derivatives sector before the turmoil that hit markets earlier this year, Bankers Trust has struggled against mounting bad publicity in recent months. Last month Gibson Greetings sued over losses of $20m it sustained on derivatives bought from the bank.

Derivatives are financial instruments whose value is at least partly based on some underlying asset or market.

The P&G suit stems from a complex interest rate swap contract, under which the company and the bank had agreed to exchange payments in the future based on the interest rates prevailing at the time. The scale of the payments made by each side would be based on the difference between the yield on five-year and 30-year US government bond.

P&G continued to maintain yesterday that it entered the contract as part of its normal practice of using derivatives to cut its borrowing costs and reduce its exposure to changes in interest rates. The value of the swap contract plummeted in early February, when US interest rates were increased for the first time in four years. Eventually P&G terminated the transaction, leading in part to after-tax losses of $102m reported in April. These include losses on a D-Mark swap contract P&G had also bought from Bankers Trust, though it is not suing over this instrument.

P&G's treasurer was relieved of his title and put on special assignment in April, when the losses materialised. Although only 56, he later retired. P&G maintains that none of its officers had been at fault. "There is a notion that end-users of derivatives must be held accountable for what they buy," Mr Artzt said. "We agree completely, but only if the terms and risks are fully and accurately disclosed."

Usinor returns to profit in first half

By John Ridding in Paris

Usinor Sacilor, Europe's largest steel producer, has returned to profit in the first half after suffering losses of FFr5.7bn ($1.1bn) in 1993.

Mr Francis Mer, chairman, said the French state-owned group, which is on the list of 21 public sector companies slated for sale by the government, achieved net profits of FFr471m in the first six months, against a loss of FFr2.59bn in the first half *of 1993. Sales rose from* FFr39.74bn to FFr39.84bn.

The return to profit by one of the biggest loss-makers in the French public sector partly reflects recovery in the international steel industry after two years of recession. The revival was one of the main reasons that the European Commission this week abandoned its plan to cut steel capacity. Mr Mer forecast a continued improvement in demand and prices for steel and said that the full impact would be felt in the second half.

Profits were also boosted by a FFr900m exceptional gain from the flotation of a 40 per cent stake in Ugine, the stainless steel division. Proceeds from the operation also helped reduce the group's debt from FFr24.4bn at the beginning of the year to FFr20.26bn at the end of June. For the first time in four years, Usinor's net debts are less than shareholders' equity.

According to Usinor, operating results are now near break-even. But it said that losses suffered by Unimetal, which makes wires and steel for engineered products, continued to undermine the company's overall performance.

Usinor has been implementing a restructuring plan to cut its borrowings, eliminate loss-making activities, and *achieve sustainable* profitability. Earlier this month, the company said it was negotiating the sale of its SAM steel reinforcements operation to ASW holdings of the UK.

Mr Mer also outlined plans for a *special steels division which* would group its Unimetal, Ascometal and CLI units, pooling research and development costs.

The restructuring is aimed at preparing Usinor for privatisation. *A sale is not imminent*, as Usinor needs to reduce its debts and other candidates, including the Assurances Générales de France insurance concern and Seita, the tobacco company, are being primed for sale.
Background, Page 24

UAL aims to invest in China Southern

By Frank McGurty in New York

UAL, parent of United Airlines, said yesterday that it had an interest in taking an equity position in China Southern, the country's leading domestic carrier. *But the company stopped* short of confirming that it had already held talks with the Chinese airline on acquiring a stake.

China Southern, based in Guangzhou province, is one of two airlines selected to be among 22 *enterprises traded on overseas* stock markets. Goldman Sachs, the Wall Street investment bank, is completing arrangements for the airline's listing on the New York Stock Exchange. The Beijing government has placed a 35 per cent ceiling on foreign investment in domestic airlines.

British Airways, which already has established a joint engineering venture and computer services with China Southern, is also believed to be interested acquiring a stake in the carrier. It has earned a reputation as one of the best managed regional airlines in China, with solid prospects for growth.

UAL, which operates the second-largest US airline after American, said its talks with China Southern were limited to discussions over a possible marketing agreement, which might also include joint training, maintenance and technical services.

The company, which already has scheduled flights into Beijing and Shanghai, denied published reports that the agenda at its board meeting, held yesterday in Chicago, included a discussion of its taking a stake in China Southern.
UAL and Delta gains, Page 24

Axa bucks trend with 26% gain

By Andrew Jack in Paris

Axa, one of France's largest insurance groups, yesterday bucked the trend in the sector by reporting net group profits up 26 per cent to FFr1.5bn ($280m) in the first six months of the year.

Mr Claude Bébéar, chairman, forecast that, in the absence of "major catastrophes" in its insurance and reinsurance markets, full-year profits would be higher than last year's FFr2.04bn.

"We are rather optimistic compared to the other insurance companies," said Mr Claude Tendil, an Axa director. "We are the only *one to really* make an operating profit."

Axa's total consolidated revenues rose 10 per cent to FFr65.9bn during the first half, while revenues including unconsolidated mutual companies stood at FFr71.2bn compared with FFr64.8bn last year.

Consolidated premium income from the group's life businesses rose by one third to FFr7.2bn, while non-life premiums rose by just 8 per cent to FFr8.2bn during the first half.

The company warned of a toughening market in the UK, driven by regulatory and Treasury pressure, which will force disclosure by insurance companies of commissions. The company said this could put the industry at a competitive disadvantage and drive away potential customers who made a choice of premiums simply on the basis of price.

Axa's worldwide net group income from reinsurance increased nearly three-fold from FFr49m to FFr143m, with a 13 per cent increase in financial services and property to FFr304m.

The losses from holding *company activities* dropped from FFr31m to FFr10m, while losses from intra-group transfers from subsidiaries and equity holdings increased from FFr187m to FFr296m.

Geographically, group consolidated net income from France rose 7 per cent to FFr393m, while that from the US rose to FFr224m (FFr4m) as Equitable, the insurer controlled by Axa, recovered.

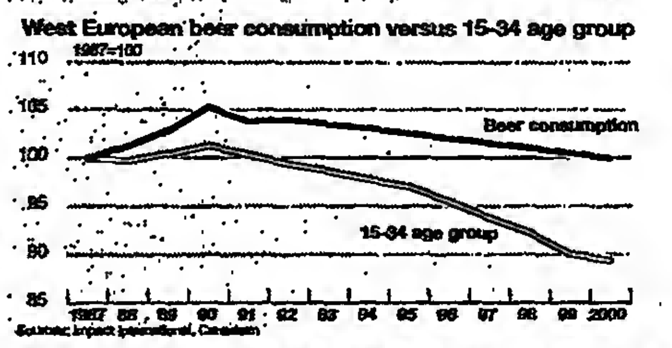
Net income from the UK dropped 22 per cent to FFr200m, while net income for the group's activities in the rest of the world fell 15 per cent to FFr88m.

Brewer strengthens its beer

European beer sales

Rank	Brewer	Country	Millions of hectolitres
1	Heineken	Netherlands	53.7
2	Danone/Kronenbourg	France	28.2
3	Guinness	UK	23.5
4	Carlsberg	Denmark	21.2
5	Interbrew	Belgium	16.7
6	Bass	UK	13.8
7	Oetker	Germany	[illegible]
8	Maerz	Germany	8.7
9	Whitbread	UK	8.0

West European beer consumption versus 15-34 age group



Continuing the consolidation among European brewers, Interbrew of Belgium said it was negotiating to buy Allied Domecq's Dutch brewing subsidiary, which produces Oranjeboom. Details, Page 28

ICI up 59% and sees 'promising' demand

By Daniel Green in London

Britain's Imperial Chemical Industries yesterday provided confirmation that the chemicals industry is on the upswing with third-quarter figures that showed operating profits more than doubling in some divisions. But it warned that while prices for many of its goods were rising, those "nearer the consumer", such as paints, "remain very competitive". Its shares fell 12¼p to 786½p.

Sir Denys Henderson, chairman, said demand in most markets looked "more promising than for some time. Activity in the US, UK and Australian markets remains generally firm. Recovery in continental Europe appears to be under way and even the Japanese economy seems to have bottomed. *Robust growth in the rest of the Far East* continues."

Third quarter pre-tax profits, excluding exceptional items, rose 82 per cent from £72m to £131m ($214m). Sales for the same period rose 8 per cent from £2.16bn to £2.35bn.

Including exceptional items, such as the *costs of closing the Canadian paints business*, pre-tax profits were £143m, 59 per cent higher than a year earlier. Earnings per share for the quarter were 11.1p against 7.5p.

ICI's polyurethane businesses were among the star performers in the third quarter. The *company is to spend £100m on in a new* Dutch plant to make methyl diphenyl diisocyanate, a component in polyurethane manufacture. The UK group's biggest division, industrial chemicals, which includes petrochemicals and fertilisers, also performed strongly thanks to price rises.
Lex, Page 20

Toys for yuppies lose allure as age of frivolity passes

Gadget sellers feel the squeeze

Shoppers are used to sales patter – autumn bargains, end-of-season discounts and the like. But one UK chain has begun wooing customers with a different campaign, the "Takeover Clearance Sale".

The Leading Edge, purveyors of gadgets and gimmicks, is selling off surplus stock in a farewell to the unrestrained consumerism of the 1980s, when demand surged for useful but unnecessary *products such as talking* pens, battery-powered sponges and laser-guided golfing aids.

Described by one retail analyst as a "requiem to the boom", the move follows the disposal of The Leading Edge by Kleen-e-ze Holdings, the home shopping group, which tried and failed to use its successful mail order operations to support a retail chain.

As Kleen-e-ze found to its cost, impulse purchases of executive toys and gadgets have all but dried up. One only has to look around boardrooms to know the age of the gadget is waning, say retail analysts. Rare is the executive whose desk now boasts a clock "accurate to within one second in a million years".

In the US too, the disaffection with items such as watches that double as TV remote controls has forced Sharper Image, the San Francisco-based gadget manufacturer and *retailer, to switch to* more practical products.

"We got over-confident and let our catalogue and merchandise get stale," said Mr Richard Thalheimer, the group's chairman and self-proclaimed "P.T. Barnum of gadgetry".

While Kleen-e-ze was struggling to extract a profit from The Leading Edge, Sharper Image saw *its profits falter as consumers* stopped buying products such as the Personal Life Clock, which ticks down the owner's life expectancy. "We found we could not compete with the warehouse stores, so we've moved into more practical products, particularly in healthcare," said one Sharper Image executive.

Even under the auspices of healthy living, the company still *offers some bizarre accessories* – the wrist-worn Snore Control System upsets the offender's sleep patterns when the noise reaches unacceptable volumes.

Kleen-e-ze and Sharper Image have pursued different strategies to overcome the problems facing gadget makers.

The UK company decided to withdraw from high street retailing after a two-year restructuring. It has focused instead on mail order and has captured a sizeable slice of the market for catalogues offering everyday *items ranging from cordless* kettles to thermal gloves. It also handles catalogues for Britain's Science and Natural History *Museums, where solar-powered* clocks and pocket "stellarscopes" are more likely to find buyers.

Sharper Image, meanwhile, acted to restore market confidence by buying back its own shares in August. Its shares have risen 31 per cent, while Kleen-e-ze shares fell 17 per cent since it sold its retail outlets.

Mr Klein, however, has no regrets. He is determined to focus on *home shopping. "Management* time and working capital can now be concentrated on our growing business – Kleen-e-ze Homecare and Innovations."

Sharper Image is also increasing its catalogue activities, which have grown *faster than over-the-counter* operations.

"Both companies have tried to tailor the product to being more practical and less gadgety," says one analyst. "But they still rely on impulse purchases for a large proportion of their profits, and I'm afraid that era is over."

Tim Burt

Daimler-Benz maintains growth

By Christopher Parkes in Frankfurt

Annual turnover at Daimler-Benz is expected to exceed DM100bn ($66.87bn) for the first time this year, following a 9 per cent sales rise tn DM73.2bn in the nine months to the end of September.

The factors which generated a 13.4 per cent surge in turnover and a sharp profits turnround in the first half had continued in the third quarter, the group said in an interim report yesterday.

These included international economic recovary, further cnst cuts and productivity increases – tbe group workforce was cut by 7 per cent in the year to the end of September – and new car models from the Mercedes-Benz subsidiary, which traditionally generates the largest share of sales and profits.

The report, which contained no earnings data, said Mercedes sales rose 13 per cent to DM51bn in the period. Car factnries were wnrking at full capacity, and deliveries of cars had increased 29 per cent to 436,000 units.

However, sales revenue from this division rose nnly 13 per cent to DM31bn, reflecting both the fierce price competition in the car market and the high proportion of sales attributable to the new C-class car, introduced last year at prices virtually unchanged from those of its predecessor.

Mercedes reported particularly brisk demand fnr cars and Freightliner trucks in the US, wbere turnover rose 22 per cent and helped increase group revenues there by 13 per cent to DM13bn.

Mercedes' sales in Germany rose 31 per cent, while in the rest of western Europe turnover increased 37 per cent.

Meanwhile, the negative factors which have long dogged Deutsche Aerospace (Dasa) – defence budget cuts and inw demand from airlines – continued to depress the subsidiary's performance. Sales, which were down 5.6 per cent at halfway, were 9 per cent lower at DM10.5bn at the end of tbe third quarter.

While the introduction of the Dnrnier 328 regional aircraft helped boost turnover in the aircraft division, it was not enough to offset the effects of a fall in sales at Fokker of the Netherlands.

Dasa, which will in future be known as Daimler-Benz Aerospace, also recorded a 4 per cent incraase in incoming orders during the review period.

The electronics and electrical angineering snbsidiary, AEG (recently renamed AEG Daimler-Benz Industrie) raised sales 6 per cent to DM7.4bn, due malnly to improved foraign oparations which increased turnover 12 par cent.

At home, where sales rose only 2 per cent, the strongest pusb came from the railways and microelectronics divisions.

The group's services division, Debis, which includes financial, mobile communicatinns and software services, reported a 17 per cent increase in sales to DM7.9bn.

Gildemeister in talks with Milacron on sales deal

By Andrew Baxter

Gildemeister and Cincinnati Milacron, twn of the world's largest machine tool companies, are discussing a sales agreement wbicb wonld strengtben Gildemeister's presence in the US and Milacron's in Europe.

Mr Axel Kemna, chairman of Glldemeister, wbicb is based in Bielefeld, Germany, said a deal would enable the company to lift sales in the US, where its market position is weak. In turn, Milacron could use the recently-formed Deckel Maho Gildemeister sales network in Europe.

If the two companies reach a deal, it would be one of the most important co-operations between US and European machine tool companies, and strengtben the sales base of both companies as the fiercely-competitive machine tool market emerges from recession.

The discussions between the two companies come amid continuing speculation that Milacron might boy a 25 per cent stake in Gildemeister. Mr Kemna, speaking in London, said the rumours were untrue.

Gildemeister derives only 5 per cent of its sales from the US market, and is ksen to expand its sales outside Europe.

A deal would cap an extraordinary period of corporate activity for Gildemeister.

In Jnly, it paid DM90m ($60.18m) for the main assets of Deckel-Maho, tbe ill-fated merger of two big German milling machine companies completed only in December last year, and called in an administrator five months later.

The purchase gave Gildemeister a strong position in milling machines to complement its own range of turning machines. Gildemeister is raising DM70m through a capital increase, of which DM40m will go as share capital for Deckel-Maho.

Following the takeover, Gildemeister would make a loss this year, may break even next year, and should make a profit in 1996, said Mr Kemna.

Alcatel plans 20% stake in Générale des Eaux arm

By John Ridding in Paris

Alcatel Alsthom, the French engineering and telecommunications group, said yesterday it planned to take a stake of about 20 per cent in the mobile telephones operations of Générale des Eaux, the utilities and communications groups.

Alcatel said its decision to seek a stake in Cofira, the mobile telecoms arm of Générale des Eaux, follows the failure of its bid to win the licence for France's third mobile telecoms telephone network. Earlier this month, tha French government awarded the licence to Bouygues, the construction and communications company.

The Frencb government claimed Alcatel's position as a leading supplier of telecoms equipment had prejudiced its bid to become an operator. But the company rejected the argument and said it still intends to expand in telecommunications services.

The planned investment in Cofira could involve the purchase by Alcatel of the 19.9 per cent stake currently held by Crédit Lyonnais, tha loss-making state-owned bank. Alcatel said it was in discussinns with Crédit Lyonnais, but that it was also holding talks with other minority shareholders in Cofira.

Tbe companies declined to comment on the possible amount of the transactinn.

The proposed alliance is tbe latest step in the reinforcement of the mobile telecoms activities of Générale des Eaux. Two weeks ago, the company announced that it had extended an allianea with Vodafone of the UK and that it was forming a new partnership with Southwestern Bell of the US.

The various moves reflect the increasing competition in tba Freoch mobila telephone market and the rapid, if belated, expansion in the sector.

At the end of August, France had about 730,000 mobile telephone subscribers, compared with 2.2m in Germany. However, both Générale des Eaux and Franca Télécom, which operates tba second mobila network, report strong growth in subscriptions following reductions in tariffs.

Munich Re lifts payout to DM12

By Andrew Fisher in Frankfurt

Munich Reinsurance, the world's largest reinsurance company, is increasing its dividend and strengtbening reserves after a rise in profits which benefited from a sbarp cut in underwriting losses.

The payment to shareholders for the year to June 30 1994 will rise DM1 to DM12 a share, with the parent company's net profit up by 23 per cent to DM91m ($61m). Full group figures will be given early next month. In 1992-93, group net profits rose 3 per cent to DM287m, with group premium income 11 per cent higher at DM26bn.

Last year's underwriting loss was DM315m, about a third of the previous year's figure.

Munich Re, which owns 25 per cent of Allianz, Germany's and Europe's largest insurance concern – whicb in turn owns 25 per cent of Munich Re – also said it had added a further DM523m to its provisions for claims equalisation and for big risks, after DM33m in 1992-93. In spite of lower profits on its investments, it has also pnt another DM350m into its reserves for claims still outstanding, compared with DM450m last year. A further DM50 will go into its revenue reserves.

Strong demand helps SKF back to the black after nine months

By Christopher Brown-Humes in Stockholm

SKF, tbe world's leading maker of roller bearings, yesterday announced a SKr1.8bn ($297m) swing into the black at nine months, halped by strong demand from car and truck manufacturers in Europe and the US.

The Swedisb group also benefited from cost-cutting, lower financial costs and a return to profit at Ovako Steel.

Profit after financial items amounted to SKr1.14bn, compared with a SKr709m loss last time. The result keeps the company on course for full-year profits of SKr1.5bn as the fourth quarter is traditionally tbe company's strongest period.

Sales climbed 14 per cent to SKr24.6bn from SKr21.5bn, driven mainly by a 12 per cent rise in volumes. However the company said it also benefited from price rises, particularly in the after-markets segment, as well as from the weaker krona.

Operating profits amounted to SKr1.43bn, after a SKr99m loss, while financial costs fell to SKr291m from SKr610m.

The group's main unit, bearings and seals, achieved a SKr1.05bn profit, compared with a SKr422m loss, after sales climbed to SKr22.9bn from SKr20.03bn.

Sales to the automotive sector, the company's biggest customer, were nearly 20 per cent higher as it benefited from rising demand and increased market share.

Mr Mauritz Sahlin, managing director, said tbe North American trucks market had continued to develop strongly with no signs of weaker demand.

The group's two other segments, machinery and aftermarkets, also showed positive sales growth.

Ovako Steel reported a SKr102m profit on sales of SKr2.73bn. In the same 1993 period, it mada a SKr301m loss on sales of SKr2.12bn.

Trelleborg posts sharp turnround

By Christopher Brown-Humes

Rising metal prices and reduced financial costs enabled Trelleborg, the Swedish mining and metals group, to report a SKr534m ($75.54m) profit for the first nine months. The result compares with a SKr884m loss in the same 1993 period.

The turnround came in spite of a fall in sales to SKr14.05bn from SKr15.72bn caused by restructuring.

A better performance from the group's four main divisions – mines and smelters, rubber products, metal processing and distribution – enabled operating profits to rise to SKr615m from SKr64m.

There was also a SKr296m contribution from associated companies, after last year's SKr173m loss, due mainly to higher earnings from Falconbridge, the nickel producer.

The third element in the turnround was the fall in net financial costs to SKr377m from SKr775m, reflecting lower debt levels and interest rates.

The best performance came from the mines and smelters division which swung to a SKr137m operating profit from a SKr191m deficit. The unit has benefited from higher prices for copper, lead, nickel, gold and silver.

Mr Kjell Nilsson, group president, said the positive trend continued for all business areas.

BCH drops sale of Azucarera

By Tom Burns in Madrid

Banco Central Hispano, the Spanish banking gronp, has dropped plans to sell its controlling stake in General Azucarera, Spain's second-ranked sugar company, to Saint-Louis, the Frencb food and paper group, and to the UK's Tate & Lyle, after strong objections from the Spanish agriculture ministry.

The bank has also refused to sell its 47 per cent stake in Azucarera to a consortium, backed by the ministry, which was led by Acor, a co-operative owned by sugar-farmers and the third-largest domestic producer.

The stalemate is a setback for BCH, which is anxious to reduce its industrial assets to inject greater liquidity into its core financial business. Before the ministry stapped in, the bank had an agreement to sell an initial 20 per cent of its Azucarera holding to Saint-Louis and Tate & Lyle, which already jointly own 20 per cent of the sugar company, for Pta20bn ($160m).

The countar-offer, which matched the Pta5,100 per Azucarera share agreed with the foreign groups and bid for the entire BCH stake in the sugar producer, was nevertheless unacceptable to BCH because it was supported by Banco Popular. The bank would have bought 10 per cent of Azucarera's equity and taken over its banking business.

Tha rival bid was also resisted hy Mr José Joaquin Ysasi-Ysamendi, Azucarera chairman, who objected to being pushed by the government into the arms of Acor.

The row over BCH's aborted disposal has raised questions over whether a Spanisb group can sell assets to whom it chooses, and whether foreign companies can buy freely into Spanish companies.

The ministry argued that an Acor-led takeover of Azucarera, which accounts for 23 per cent of the domestic sugar market, would protect Spain's sugar quota in the European Union.

The issue is a sensitive one, for the sugar sector represents one of Spain's few triumphs over the common agricultural policy; the quota guaranteed to Spanish producers slightly exceeds domestic demand and has a support price somewhat above the EU average.

L'Oréal sales surge to FFr34.5bn

By Andrew Jack

L'Oréal, the world's largest cosmetics group, yesterday posted sales up 14.4 per cent to FFr34.5bn ($6.74bn) at the nine months stage, based on average exchange rates. This would be equivalent to FFr47bn based on exchange rates at the end of last month, the company said.

The group said full-year profit would be up 20 per cent on ordinary activities before tax – excluding any significant changes in exchange rates.

The third-quarter results were re-stated following consolidation from July 1 this year of four new subsidiaries. The group announced a transfer and share purchase arrangement in September with Cosmair USA, Cosmair Canada, Lorsa/Fagel of Switzerland and Procasa of Spain.

L'Oréal said the sales under the old basis of consolidation would have been up 7.6 per cent at nine months. Mr Lindsay Owen-Jones, chairman and chief executive, called the results "very encouraging".

NEWS DIGEST

Dyno Industrier doubles pre-tax profit to NKr476m

Dyno Industrier, the Norwegian chemicals, plastics and explosives group, more than doubled nine-month pre-tax profits to NKr476m ($73.2m) from NKr234m, writes Karen Fossli in Oslo.

The advance was attributed to improved profitability of methanol operations in the Netherlands, increased supplies to the automotive industry and expanded deliveries of explosives and resins.

Group revenue rose by 20 per cent to NKr7.3bn while operating profit doubled to NKr597m.

Mr Arild Ingjerd, Dyno's president, warned, however, that margins were coming under heavy pressure from higher prices for raw materials, such as methanol and ammonia.

Apart from producing methanol outside Norway, Dyno consumes 300,000 tonnes of the chemical a year. It also expressed concern over rising prices for plastics raw materials. This effects its plastics division which, among other things, supplies fuel tank systems to the automotive industry.

Norwegian insurer plunges into the red

Vital, the Norwegian life insurance and pension group, plunged to a pre-tax loss of NKr97m in the nine months to September from a profit of NKr2.31bn last time, writes Karen Fossli.

The reversal was caused by a sharp reduction in gross financial income which sunk to NKr1.17bn from NKr3.61bn.

"The weak results were due to the increase in interest rates which caused a sharp reduction in the value of the company's bonds," Vital explained.

Bonds and shares account for more than half of Vital's total assets which rose to NKr42.22bn from NKr39.12bn. It said the surplus value had been reduced by NKr882m during the nine-month period, compared with an increase of NKr825m last year.

The value of Vital's securities portfolio was cut by NKr1.78bn, of which NKr1.68bn was ascribed to bonds whose effective yield rate on an annual basis was negative 3.8 per cent.

Premium income rose by 22.8 per cent to NKr2.84bn.

Vital said because of an improvement in financial markets since the start of October it was optimistic about achieving a surplus for the year as a whole.

● Saga Petroleum, Norway's largest independent oil company, is to seek a listing on the New York stock exchange in spring of next year.

Air Products in Spanish takeover

Air Products, the US industrial gases group, is taking over Carburos Metalicos, tha leading producer in Spain, under a Pta55bn ($443.5m) bid agreed with Banesto, the Spanish bank which directly and indirectly owns 39 per cent of the target company, writes Tom Burns in Madrid.

Air Products, which has a 25 per cent stake in Carburos, will obtain outright ownership of the company over three stages in bids launched next month, next year and in 1996.

Banesto, which will earn Pta28bn from the disposal, has undertaken to sell its equity in the second and third tranches.

Banesto, which belongs to the Santander banking group, recently raised some Pta45bn through selling its assets in the battery producer Tudor, the wine company Badegas Age and the mining group Asturiana de Zinc.

Tokyo Electric Power in Y100bn issue

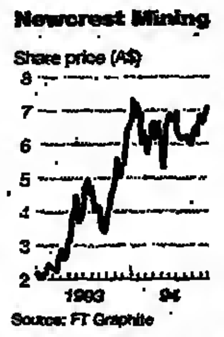
Tokyo Electric Power, Japan's leading electric utility company, will issue Y100bn ($1.03bn) in 20-year straight bonds for public subscription next month, writes Emiko Terazono in Tokyo.

The Japanese government bond market has been affected by expectations of higher short-term interest rates and the issue could have a further negative impact on the market.

Tepco, which has been forced to scale down the amount of the issue from Y150bn after surveys of prospective investor demand, will launch the issue with a coupon of 5.05 per cent on November 28. Nikko Securities will serve as lead manager. Standard & Poor's, the US credit rating agency, assigned the bond a double-A plus rating, while Moody's Investors Service rated it Aaa.

Newcrest Mining advances sharply

Newcrest Mining



Source: FT Graphite

Newcrest Mining, the mining group which was formed when Broken Hill Proprietary and Newmont Mining merged their Australian goldmining subsidiaries, yesterday announced profits after tax of A$35.5m (US$26.4m) for the first nine months of 1994. This represents a 22.3 per cent increase on the same period in 1993. Profit after tax for the third quarter alone, to end-September, was A$11.7m, up 16.4 per cent on the previous year, writes Nikki Tait in Sydney.

The group's equity gold production in the three months was 166,641oz, some 7,000oz less than in the second quarter. This reduction was due to lower grade production at its Telfer mine in Western Australia.

The cost of production was $393 per oz, up from $374 – an increase also blamed on the temporary shortfall in the oxide grade.

The company said it planned to spend A$17.6m to develop the first stage of the Mariner project at Telfer, and that it had upgraded the resource at its Cadia Hill gold/copper project in New South Wales, to 4.6m oz of gold.

Dofasco doubles its quarterly income

Dofasco, one of Canada's two biggest steel makers, nearly doubled pre-tax profits in the third quarter with higher prices and surging demand for flat rolled products for tha car, appliance and pipeline industries, writes Robert Gibbens in Montreal.

Sales rose 12 per cent to C$565m and pre-tax profit was C$57.2m (US$42.5m), against C$29.5m. But after special tax factors, final net profit was C$53.8m or 56 cents against $62m or 70 cents a share a year earlier.

At the nine-month stage, net profits rose to C$157.5m or C$1.66, up from 56 per cent or 46 cents a share on sales of C$1.65bn, against C$1.57bn.

Usinor forges stronger case for sell-off

State-owned French steel group is showing benefit of restructuring, says **John Ridding**

Mr Francis Mer, chairman of Usinor Sacilor, has twice wrested Europe's biggest steel maker hack from daunting losses – after 1986, when he took the helm of France's sprawling steel concern, and over the past six months. This time he is determined that recovery will be permanent. keeps.

Yesterday's first-half results showed a remarkable rebound to a net profit of FFr471m (US$92m) after losses of a staggering FFr5.7bn for all of 1993.

The state-owned gronp's chairman is optimistic, if not yet satisfied. "We must be in a position to stay in the black through the next downturn in the industry cycle."

There is much at stake. Evidence of a sustainable recovery will prepare the way for privatisation of the steel concern, which is one of 21 public sector companies already sold or scheduled for sale by the centre-right government of prime minister Mr Edouard Balladur.

Privatisation would give the company access to the financial resources needed for further expansion. "The state can no more be a good shareholder," says Mr Mer. "It does not have the money for industry."

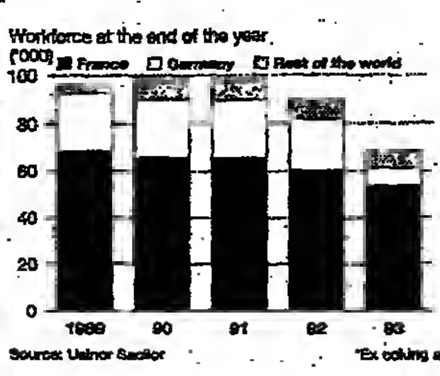
The first-half transformation is an important step towards Mr Mer's objective. It partly reflects the impact of exceptional gains, in particular the FFr900m received as a result of the flotation of a 40 per cent stake in Ugine, the stainless steel division.

However, the recovery is also the result of the revival in the international steel industry following two years of deep recession, and of the benefits of the company's restructuring and cost-cutting measures.

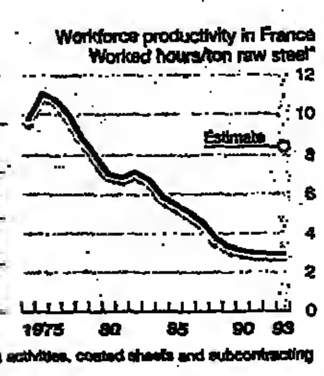
Since 1986, when Mr Mer faced the task of merging the loss-making Usinor and Sacilor steel makers, the headcount has fallen steadily. The workforce has dropped from 95,750 in 1989 to about 68,000 at the end of last year. Productivity has risen from 5.1 man hours a ton in 1986 to less than three hours a ton today.

Usinor Sacilor

Francis Mer



Source: Usinor Sacilor



*Ex coking activities, coated sheets and subcontracting

For Mr Mer, the productivity and cost-cutting measures are set to continue. So is the recovery in profits. "We have experienced further progress in the second half, and I think that 1995 will be a good year."

Sustained recovery beyond the current npswing in the steel market, however, requires further reshaping. "Some parts of the business are really problematic," says Mr Martin Doble, director of Beddows & Co, a consultancy for the steel industry. He, and many others, believe the problems centre on Usinor's long products business, comprising wires and steel for engineered products. It is a fiercely competitive activity.

A bigger burden lies in the group's indebtedness. A series of acquisitions in the late 1980s, including that of Jones & Laughlin, the second-biggest stainless steel maker in the US, saddled Usinor Sacilor with debts of FFr24bn at the end of 1993. The threat is compounded by the recent rise in interest rates.

These weak points are not lost on Mr Mer. While he defends his acquisition spree in the 1980s, which he says gave the group the necessary presence in production and marketing, he has been curbing debt.

The flotation of Ugine, and asset sales, have reduced debts to about FFr20bn.

For the first time in four years, debt stands below the value of the company's equity.

The Usinor chairman is also making progress at the company's problem businesses. The long products division has undergone a substantial restructuring and is now entering the final phase. A more efficient plant has been constructed, including a mini mill at Gandrange in eastern France which started production in July. Last week, Usinor Sacilor announced it was negotiating the sale of SAM, its steel reinforcements business, to ASW of the UK.

Productivity and cost-cutting measures are set to continue. So is the recovery in profits, says Francis Mer

The sale of SAM would mark an important step in reorganising the group's activities, a process Mr Mer believes is nearing completion. "By mid-1995 we should be in the shape that we are seeking," he says.

The shape of the international steel industry as a whole, however, is less certain. Just as Usinor was blighted by overcapacity and recession in 1992 and 1993, so are its fortunes still hostage to the broader environment.

Mr Mer believes progress has been achieved in the European Commission's restructuring plan, even though he has been a fierce critic of subsidies to Spanish, German and Italian producers. "To a non-European it must seem like a crazy way of managing an industry, allowing subsidies to obstruct necessary capacity reduction."

He is irked by subsidies because his company has reduced its own net capacity of laminates by 1.2m tons since 1987 without the help of state subsidies. "I could have asked for subsidies of FFr8bn last year," he says. But, he argues, that would have undermined his philosophy at Usinor and sent the wrong signal to managers and workers. "Besides," he says with a grin, "the French government would have said 'no'."

In spite of his chagrin at state aid to rivals, Mr Mer believes Europe's restructuring efforts have yielded results. "We will probably see a reduction of about 15m tons of capacity, rather than the 19m targeted. But that is still significant."

It is also, he believes, enough for now. "Capacity utilisation is very high. All of Europe's big steel producers will report profits next year. So I don't think it necessary to have further capacity cnts at the moment."

Whether more restructuring will be needed, he argues, will depend partly on the policy of the European Union towards imports from eastern Europe, Russia and Ukraine. "At the moment, western Europe has net steel exports of more than 10m tons a year. If this were to change, because of increased imports or reduced shipments, then capacity would be too high."

It is Ukraine and Russia which are of particular concern. The scale of their capacity dwarfs the potential threat from eastern European countries. In the latter case, he believes western Europe can cope with a gradual opening of the market, presently restricted by quotas, over the next few years.

By then, Usinor Sacilor may be on the way to the private sector. Mr Mer is reluctant to suggest the timing for such an operation. But once the redressment is established he does not see obstacles to a sale.

For the Usinor chairman, such a move would have little impact on the management of the group. "We are run like a private sector company. There is no interference from the state," he says.

Nor should the trade unions, which have sought to block other privatisations, pose a threat. "I think it would not be too hard to convince them, despite their basic instinct that they would like to remain under the umbrella of the state."

The complexities and size of such an operation suggest that privatisation remains some way down the road. Of the routes already being mooted one involves selling stakes in various parts of the company, as was done with Ugine, or the possible flotation of separate activities.

It is not an option which finds favour with Mr Mer. The flotation of Ugine, he says, was a one-off. Privatisation, when it comes, should be for the whole group. Having spent the past eight years forging a coherent whole from the rag-bag of assets he inherited, such a reaction is understandable.

Scotgen in rival bid for Porton International

By Tim Burt

Scotgen Pharmaceuticals, the Anglo-US drug company, yesterday emerged as a rival bidder for Porton International, the controversial UK biotechnology group which earlier this week announced a £65.5m ($103.5m) agreed takeover.

Tha California-based company said it would trump the recommended offer from Beaufour Ipsen, the French family-owned pharmaceutical business, by almost 50 per cent with a bid valuing the UK group at £96.3m.

In the latest twist to the Porton story, Scotgen said its overtures had been ignored by Kleinwort Benson, Porton's financial advisers.

It has offered £42m in cash and £54.3m in shares.

On advice from the merchant bank, shareholders with 66.2 per cent of Porton have given irrevocable undertakings to accept the French bid, worth £13.40 in cash or notes.

Of those investors, the largest stake is held by Mr Wensley Haydon-Baillie, Porton's millionaire founder and former chairman, who stands to receive more than £20m for his 33 per cent holding.

Scotgen has written to such shareholders urging a rethink. "We see an opportunity to create a combined company with potential revenues of £200m and profit of £30m by the end of the decade," said Mr Robert Fildes, Scotgen chairman.

Kleinwort Benson was unavailable for comment.

International growth lifts US insurer

By Richard Waters in New York

Earnings at American International Group, the US insurer, advanced by more than a fifth in the third quarter, reflecting its international expansion in both the life and general insurance areas.

Excluding accounting adjustments and capital gains, group net income jumped 22 per cent to $532.3m from a year ago, on revennes up 11 per cent to $5.7bn.

Mr Maurice Greenberg, the chairman, pointed to etrong growth in both life and property/casualty insurance during the period.

In general insurance, operating income (before capital gains) was up 34 per cent, to $416m, in part reflecting $47m of catastrophe losses last year.

Life insurance operating earnings rose 19 per cent, to $180m before capital gains, with Asia performing particularly strongly.

In the US, AIG saw "double-digit" premium growth in some specialty insurance areas, while rates oo property insurance remained firm.

Overall, reported net income for the period was $542.5m, or $1.71 a share, up from $451.1m, or $1.42 a share, the year before.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 28.10.94: Pool purchase price £/MWh	Final Prices for Trading on 26.10.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	10.04	11.00	12.30
0100	18.43	11.00	12.30
0130	40.34	11.00	12.30
0200	40.34	11.00	12.30
0230	19.26	11.00	12.30
0300	18.43	11.00	12.30
0330	18.43	11.00	12.30
0400	18.21	11.00	12.30
0430	18.21	11.00	12.30
0500	10.02	9.88	9.88
0530	18.88	9.66	9.66
0600	18.88	8.80	8.80
0630	18.83	10.50	10.50
0700	28.19	18.15	17.45
0730	28.89	20.47	21.77
0800	28.98	20.90	22.20
0830	29.73	24.19	25.50
0900	32.14	28.89	30.20
0930	42.68	28.89	30.19
1000	42.87	20.91	22.22
1030	42.80	20.91	22.21
1100	42.57	20.49	21.80
1130	38.58	20.90	22.20
1200	38.57	20.48	21.79
1230	38.88	20.89	22.20
1300	32.12	20.89	22.19
1330	32.11	17.95	19.25
1400	30.00	17.95	19.25
1430	30.00	16.98	18.28
1500	30.00	16.98	18.28
1530	30.00	16.98	18.28
1600	10.50	10.55	10.65
1630	43.62	16.98	18.28
1700	37.84	16.98	18.28
1730	67.39	16.98	18.28
1800	59.13	16.98	18.28
1830	58.35	16.98	18.28
1900	51.42	28.54	29.84
1930	46.88	28.54	29.84
2000	43.61	28.54	29.84
2030	33.34	16.98	18.28
2100	32.09	16.98	18.75
2130	28.98	16.98	18.28
2200	28.98	16.52	17.82
2230	22.33	15.83	17.13
2300	28.89	15.15	16.44
2330	26.19	10.50	10.50
2400	18.83	10.10	10.10

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. [illegible] The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible] Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. [illegible]

©Energy Settlements and Information Services Limited

Delta and UAL post solid gains in third-quarter operating income

By Frank McGurty in New York

Delta Air Lines and UAL, parent of United Airlines, yesterday offered more evidence of a gradual return to financial stability for the US airline industry, as both posted solid operational gains in the third quarter.

The encouraging results wera released a week after AMR, parent of American Airlines, the largest US carrier, announced details of its best three-month operating period in the past five years.

Wall Street responded warmly to yesterday's news from UAL and Delta, the second and third biggest groups in the industry, respectively.

In early trading on the NYSE, UAL's share price added $⅝ to $86 and Delta's stock jumped $1⅝ to $48⅝.

Delta's performance was particularly impressive. Operating income for the quarter climbed 27 per cent from a year earlier to $154m, on revenuee of $3.2bn, up slightly from $3.1bn in the 1993 period.

The gain was held to a modest level as a result of a 3.6 per cent reduction in capacity and lower fares, as reflected in a 4.4 per cent downturn in revenue per passenger mile.

Nevertheless, underlying net income was up a robust 19 per cent at $72m. Including a one-time after-tax gain of $114m, net income was $186m, against $61m a year ago.

UAL'e results were more complicated. The third quarter was the first to reflect an agreement under which employees would acquire an initial ownership stake of 55 per cent in return for wage and other concessions.

As a result of the transaction, outstanding sharee decreased to 14.6m, from 28.7m a year ago on a fully diluted basis.

The company took a $96m one-time charge to pay costs associated with the buy-out. Excluding the provision, profits were nearly 20 per cent better at $178m, or $10.05 a share, compared with $149m in the 1993 period.

The improved profitability was struck on a 3.3 per cent gain in revenues to $3.4bn.

A 7.2 per cent increase in traffic was partially offset by a 2.4 per cent decline in revenue per passenger mile.

Temporary halt to IBM's OS/2 Warp shipments

By Louise Kehoe in San Francisco

International Bueiness Machines has been forced to temporarily halt shipments of its new personal computer operating system, OS/2 Warp, because of a software bug that interferes with loading the software on to some PCs.

IBM said the problem is minor and that retailers will receive shipments of OS/2 Warp on schedule. People who have already purchased the program will be sent a new version.

The incident is an embarrassment for IBM, which is mounting a $50m advertising campaign for Warp in an attempt to win ground in the PC operating system software market which is dominated by Microsoft's Windows.

Microsoft has shipped more than 50m copies of Windows, compared with the almost 6m copies of OS/2 that IBM has shipped.

Canadian Airlines posts record earnings for term

By Bernard Simon in Toronto

Canadian Airlines International, which was on the brink of collapse before the conclusion of a financial restructuring earlier this year, has bounced back with record quarterly earnings.

The Calgary-based airline will take another important step forward next week when it implemeots a wide-ranging services contract with AMR Corp, the holding company of American Airlines. AMR paid C$246m (US$182m) for a 25 per cent voting interest in the Canadian carrier as part of the restructuring.

The contract, which is valued at about US$110m a year, includes a switch to AMR's data-processing and yield-management facilities and to its Sabre computer-reservation system.

PWA Corp, Canadian's holding company, reported third-quarter earnings of C$85.4m, or 11 cents a share, up from C$38.5m, or 76 cents. The latest per-share figure reflects a significant dilutioo as a result of a big debt-to-equity conversion which formed part of the restructuring, and which cut interest expense.

Nine-month net profit was C$19.5m, against a loss of C$199m a year earlier, including special charges. Operating income climbed by 8.3 per cent to C$110.6m, due to increased traffic and an improved yield per mile. The load factor was unchanged at 76.8 per cent.

Mr Drew Fitch, senior vice-president for finance, said the airline aims to achieve earnings of C$75m next year, and cash flow from operations of C$500m by 1997.

AMR's 20-year contract with Canadian reflects the US carrier's efforts to expand the services which it provides to other airlines. The two airlines are also co-operating in marketing, includiog reciprocity for their frequent-flier programmes.

Pennzoil to pay $454m extra tax on settlement

By Richard Waters

Pennzoil said it had reached agreement with the US authorities to pay $454m in additional taxes on a $3bn settlement it received from rival US energy group Texaco six years ago.

The amount is less than half the $957m tax assessment by the Internal Revenue Service earlier this year.

The taxes stem from the settlement of a dispute between Pennzoil and Texaco over the latter's takeover of Getty Oil in 1986.

The acquisition thwarted a deal that had already been agreed between Pennzoil and Getty.

A Texas jury initially awarded Pennzoil $10.3bn in damages, forcing Texaco to seek protection under Chapter 11 of the US bankruptcy code.

The back taxes relate to $2.2bn of the settlement, which was used by Pennzoil to buy shares in another US energy group, Chevron.

Higher gold prices help lift Placer Dome 38%

By Bernard Simon in Toronto

Higher gold prices and reduced exploration costs helped boost tbird-quarter earnings at Placer Dome, the international mining group, by 38 per cent.

But the Vancouver-based company's share of output from its 13 mines was 4 per cent lower in tbe first nine months than a year earlier, and it warned that total 1994 production will be about 100,000oz short of its 1.8m oz target.

Third-quarter earnings rose to US$18m, or 8 cents a share, from $13m, or 6 cents a share. Sales revenues dipped to $210m from $219m, but investment income climbed to $17m from $10m.

Cash production costs rose to $196 per ounce from $184.

Placer earlier announced a 1 cent increase in its fourth-quarter dividend to 7.5 cents a share.

The slip in production was largely due to lower average grades and to operating disruptions at the Porgera mine in Papua New Guinea and the Golden Sunlight mine in the US. Ground movement has halted operations at Golden Sunlight since mid-June, and production is not expected to restart until early next year.

However, Placer said it still expects to reach its long-term annual production target of 2.5m oz by the end of the decade. Much of the increase will probably come from its 70 per cent-owned Las Cristinas property in Venezuela, where a feasibility study is due to be completed next spring.

Las Cristinas' annual production is projected at 380,000 oz at an initial casb cost of $210 per oz. The mine's capital cost is expected to reach $400m.

Placer said it expects to add reserves at five existing mines. In addition, it plans drilling programmes next year on 20 properties in Argentina, Australia, Canada, Costa Rica, Indonesia, Mexico, Peru, the US and Venezuela.

Other exploration opportunities are being sought in India, the Commonwealth of Independent States and south-east Asia.

Burlington raises Santa Fe bid

By Patrick Harverson in New York

The battle to create the largest railway network in the US intensified yesterday when Burlington Northern increased its bid for Santa Fe Pacific to $3.2bn from $2.5bn as its rival suitor, Union Pacific, refuted claims that its own offer for Santa Fe would never receive regulatory approval.

Santa Fe has rejected Union Pacific's bid – valued at just under $3.2bn – from the start, advising its shareholders to accept the friendly offer from Burlington.

Shareholders are due to vote on the proposed merger on November 18, and yesterday's substantially higher offer from Bnrlington was clearly intended to cement approval of the deal at the vote next month.

A spokesman for Burlington said the company was able to increase the value of its bid hy 25 per cent because it had discovered since submitting its first offer in June that "the synergies [available from the merger] are significantly greater than we at first thought they would be".

He said the two companies now believe that within three years of the merger being approved they should be able to generate about $1.5bn in annual operating income from their combined businesses.

The original estimate put combined yearly income at less than $1bn.

Union Pacific, however, is determined not to give up without a fight, and yesterday announced that five railway industry experts the company had hired to study its offer for Santa Fe concluded that the merger between the two railways would have good prospects of being approved by the Interstate Commerce Commission, the government regulatory of railways.

Ever since Union Pacific launched its higher bid for Santa Fe, doubts have been expressed over whether federal regulators would allow a merger between two railways whose prime routes are in direct competition with each other.

Net income climbs 25% to $185m at Xerox

By Patrick Harverson in New York

Net income at Xerox, the US document processing company, climbed 25 per cent in tha third quarter to $185m, or $1.60 a share.

If a one-off tax benefit in the same period last year of $23m is excluded, earnings from the company's core document processing business jumped 48 per cent.

With revenues in the latest quarter rising only slightly to $3.6bn, Xerox said the strong income growth was driven primarily by prodnctivity improvements.

During the quarter the company's workforce was reduced by 1,100 as Xerox continued with its worldwide restructuring and productivity programme, which is aimed at reducing payrolls by more than 10,000 by early 1996.

Since the start of the year, 7,700 jobs have been eliminated at Xerox to take the size of the workforce worldwide to less than 90,000.

The advances in productivity and tight controls on costs boosted the ratio of selling, administrative and general expenses to revennes by 2.3 percentage points to 29.3 per cent during the quarter.

On the sales front, revennes from the sale of digital products jumped 17 per cent, while revenues from black and white copiers, whicb represent almost two-thirds of total revennes, were flat during the quarter.

Xerox was aided by an improved performance from its Brazilian operation, whers dsmand for the company's prodncts rose and foreign currency losses from balance sheet translation fell.

Mobil shapes up for next round

Richard Waters meets Lucio Noto who says the cuts are not over

Lucio Noto interrupts impatiently: "Chop. Chop. Chop." In his blunt Brooklyn way, the new chairman of Mobil leaves you in no doubt ebout how hs plans to raise earnings at the US's second biggest energy group.

It is a message Wall Street likes. On Tuesday, the day after Mobil had announced it was on track for another round of restructuring, its shares jumped $3 to $83¾.

The race to shrink the US'e biggest energy groups is on, and Mobil – a late starter – is trying to claw its way back from behind. Its return on capital, at around 9 per cent, lags that of its main competitors.

"We have an asset base that we have to work on, we have to get more out of it," says Mr Noto. "We have to get our returns up by a point and a half, or two. If we don't do this, we aren't going to be here."

His stark message, in an interview before this week's announcement, makes clear the cost-cutting at Mobil and other US energy gronps is far from over. Mr Noto, who became Mobil chairman in March, has no comforting messages to deliver to employees, only the promise of more upheaval.

Mobil has seen its workforce decline by 6,000 people in the past two years, to 54,000. Since 1991, the company claims to have taken $675m out of its controllable costs. Over the next three, says Mr Noto, they should fall by as much again.

His aim is to lift Mobil's after-tax profits by a half, to an annual $3bn, over the next five ysars. Like other energy groups, Mobil is no longer looking to oil prices to bail it out.

New projects are now assessed against a range of assumptions for oil prices. "We haven't seen any projects that depend on crude at more than $15 [a barrel]," says Mr Noto.

Lucio Noto: plans to lift profits by half in five years

The next slice of cost cuts may not be easy. Mohil has been focusing on shrinking the costs of each of its divisions (the most recent round, announced in July, will involve the loss of one in five of the jobs in its chemicals business).

Now, the company is looking for ways of removing overlap across the group. For example, each part of the group has its own computing operations, creating duplication both between the divisions and with the group's central computing functions.

"There is a hell of a lot of duplication," says Mr Noto. "Some of it is natural, but some of it is bullshit, some of it is turf, some of it is getting one up on the next guy. To take the next step down, you have to look at these shared cost pots."

While cost-cutting is likely to remain one of the main factors driving earnings in the short term, Mobil sbould also get a lift from the cyclical rebound in its petrochemicals business. After-tax profits, which slid to $44m last year from $558m in 1989, bounced back to $148m in the first nine months of this year.

Mr Noto, though, sounds a note of caution. "I think there's too much happiness in the chemical business today. It's probably not going to last." The rebound in petrochemical profits is threatened by additional production capacity due to start up in the coming months, be warns. Any long-term recovery in margins will not come until the end of the decade.

In the longer term, Mobil's spread of big international projects, moderately successful exploration record (it has replaced 95 per cent of its production over the past five years) and extensive interests in natural gas are likely to place it among the more diversified and stable of the US energy groups.

"It has a very well-balanced exploration programme," says Mr Paul Ting, an oil industry analyst at Oppenheimsr in New York. Ten years ago, 52 per cent of Mobil's oil and gas production took place in the US. By 1993, that had fallen to 35 per cent.

This year, Mobil became the first US company to return to drilling in Vietnam. It has been slower than other Western groups to enter Russia – though given the delays in getting projects there started, that may not prove much of a hindrance.

Having a finger in a broad range of overseas ventures is essential if Mobil is to maintain its reserves. It will only be able to replace about half of its annual production of 600m barrels of oil from extending existing fields, says Mr Noto. "We have to find 300m from new plays."

In the near term, the biggest addition to Mobil's upstream earnings is likely to come from two large liquefied natural gas projects in Quatar.

The first, in which the company has a 10 per cent interest, should start production in early 1987. But the real pay-off will come from the second, in which it has a far more significant 30 per cent stake.

In its downstream refining and marketing operations, Mobil is more exposed to Asia Pacific than most, and has suffered from the collapse of refining margins in the area this year.

Though a depressant on short-term profits, Mr Noto claims the collapse will help Mobil by discouraging rivals from building new refineries in the region. "The US is still our biggest market. It is etill important to us: we are loyal Americans, we like to see America prosper," he says. But adds: "The opportunities here are closing off and the opportunities abroad are opening up."

Sales growth helps Dow rise 102%

By Tony Jackson in New York

Dow Chemical of the US reported a 102 per cent jump in net earnings to $288m for the third quarter.

Sales in the quarter rose 15 per cent, mads up of 11 per cent extra volume and a 4 per cent rise in prices.

Dow said it had increased capacity in chemicals and plastics by more than 2bn lbs, at a time of sbortage for many of its products.

The group's performance was better than that reported on Wednesday by DuPont, its larger US rival.

Dow said its plastics division had increased operating profits by 177 per cent to $305m on eales up 23 per cent at $1.9bn.

Tbe strongest volume growth came in tbe Pacific area, while new capacity bad been added in polyethylene in Canada and polyurethane in China.

The cbemicals and performance products division increased profits 139 per cent to $182m, on sales up 13 per cent to $1.2bn.

The strongest performer was vinyl chloride monomer (used to make PVC), helped by the opening of a new plant in Texas.

The hydrocarbons and energy division raised profits by 77 per cent to $23m on sales up 15 per cent to $520m.

A new ethylene plant with 1.2bn lbs of capacity was opened in Canada during the quarter.

Profits at the consumer specialities division fell 12 per cent to $146m, in spite of an 6 per cent rise in sales to $1.4bn. Dow said this was chiefly due to pharmaceuticals and consumer products.

As previously reported, Marion Merrill Dow, its 72 per cent-owned drugs snbsidiary, had a 12 per cent fall in net profits for the quarter.

Dow said in August it was looking at strategic options for the company.

American Barrick details mining plans

By Bernard Simon in Toronto

American Barrick, tbe Toronto-based gold producer, has outlined plans to sell four mines in the US and Canada, and to expand the Latin American operations which it acquired as part of its recent takeover of Lac Minerals.

Mr Alan Hill, executive vice-president, said yesterday that Barrick plans to develop four new gold operations over the next four years. First will be a new mill at the existing Tambo mine in Chile, which is due to be commissioned early next year.

This will be followed by the Meikle mine, which adjoins Barrick's flagship Goldstrike property in Nevada; the Cerro Corona mine in Peru; and the Nevada mine, also in Chile. Tambo is part of the El Indio complex in csntral Chile, which was Lac's crown jewel. The Nevada property, also held by Lac, is 50km north of El Indio. Barrick also recently acquired stakes in two exploration properties on the Argentine side of the El Indio belt. Drilling will start later this year on the 60 per cent owned Carmen property.

The properties for sale are the Macassa and Golden Patricia mines in Ontario, Bullfrog in Nevada and the Red Mountain deposit in British Columbia. Barrick will retain the Bousquet complex and its 50 per cent stake in the adjoining Doyon mine in northern Quebec. The two mines havs a combined annual output of 465,000 ounces of gold.

Annual output from existing Barrick mines and the retained Lac assets is currently about 2.5m ounces, making Barrick the biggest gold producer outside South Africa.

Mr Hill indicated that the company will ontline more detailed plans for ths development of its Latin American assets next February.

Tractor unit acquisition boosts Agco to $31.9m

By Andrew Baxter

Agco, the fast-growing Atlanta-based farm equipment company, yesterday announced record third-quarter net earnings of $31.9m, or $1.72 a share, nearly donble the $16.2m, or $1.15 a share, reported a year earlier.

The rise mainly reflects Agco's acquisition of UK-based Massey Ferguson, one of the world's higgest prodncers of tractors.

The $329m deal was completed on June 29.

Sales in the third quarter jumped by 183 per cent to $481.3m, reflecting tha Massey deal and the takeover last December of White-New Idea, a US farm equipment business.

Mr Robert Ratliff, Agco's chairman and chief executive, said industry conditions in North America remained positive.

"Corn production is forecast to be 46 per cent above last year and a bumper soybean harvest is also expected," he said.

In western Europe, Massey had benefited from improved market conditions, especially in the UK, France and Scandinavian countries.

Growth in markets outside North America and western Europe was also positive.

Pro-forma for the acquisitions, net sales, earnings and earnings per share for the first nine months would have been $1.35bn, $88.6m and $4.81, respectively.

This compares with $1.1bn, $49.4m and $2.70, respectively a year earlier.

The company said it expected to record a $19.5m charge in the fourth quarter for non-recurring acquisition-related expenses. This was within tha range previously announced.

Allied Signal earnings ahead 15%

By Tony Jackson

Allied Signal, the diversified US manufacturer, reported record third-quarter earnings of $189m, an increase of 15 per cent.

Sales rose by 11 per cent, the first double-figure increase in six and a half years.

The company, whicb has gone through a lengthy period of retrenchment, said this confirmed its return to growth.

Net earnings in the aerospace division, which makes aircraft engines, components and flight systems, were up 14 per cent to $64m on sales up less than 1 per cent.

The company said this was the first quarterly increase in aerospace sales in over three years.

Net of acquisitions, sales were slightly down.

Profits in the antomotive division, which makes car and truck components, were up 19 per cent to $56m on a 13 per cent increase in sales.

This reflected strong sales of cars and trucks in North America and continned economic recovery in Europe, the company said.

The engineered materials division, which makes a range of products from carpet fibres to engineering plastics, produced a 25 per cent rise in earnings to $84m on sales up 24 per cent.

Operating margins rose from 8.0 per cent to 9.1 per cent. Mr Lawrence Bossidy, chairman, had set a target of 9 per cent for the year as a whole.

The target for next year was now 10 per cent, he said yesterday.

Prodnctivity for tha first nine months rose by 5.9 per cent, just short of Mr Bossidy'a target of 6 per cent annually.

Samsung consolidation cuts units to 24

By John Burton in Seoul

Samsung, South Korea's biggest conglomerate, yesterday said it would consolidate its operations by cutting the number of its subsidiaries to 24 from 50 through mergers and disposals. It is the third large-scale reorganisation to be announced by Samsung in the last three years.

The latest shake-up follows the introduction of management reforma last year to promote autonomy among the group's main business areas, including electronics, machinery, chemicals, and trade and finance.

The reorganisation signals the group's intention to focus on these core industries and rationalise their operations. But some analysts said the consolidation hardly represented a significant change in the group's corporate structure, since many of the subsidiaries to be sold are of minor importance to Samsung's operations.

Moreover, domestic investors fear the planned mergers among some of Samsung's main subsidiaries could depress profits for the enlarged units.

Share prices for 11 of Samsung's 12 listed affiliates fell sharply after the reorganisation was announced. Only the Samsung Aerospaca share price increased, due to the perceived benefits from its merger with Samsung Heavy Industries, a manufacturer of ships and trucks.

The corporate restructuring may have as much a political purpose as a business one, as Samsung tries to curry favour with the government and win its approval for the group's plans to enter the passenger car industry.

Samsung claims the reorganisation meets many of the government's goals for the reform of Korea's leading conglomerates, including business apecialisation and the dilution of ownership by the group's founding family.

Ten subsidiaries will be merged. Samsung Corporation, the group'a trading arm, will take over several construction units, including Samsung Engineering and Construction, Samsung Engineering and Samtech, and Cheil Industries, the textile company.

Samsung Heavy Industries, which specialises in transport equipment and construction machinery, will ahsorb Samsung Aerospace, Samsung Forklift and Samsung Kloeckner Machinery. The recently-acquired Korea Fertiliser and Chemicals will be merged with Samsung General Chemicals, the petrochemicals unit.

The property group Joong-ang Development will take over Yonpo Leisure, while Kwangjoo Electronics becomes part of Samsung Electronics.

Samsung Watch will change its name to Samsung Precision, with semiconductor manufacturing equipment to be added to its activities.

Sixteen subsidiaries, which are mainly in the labour-intensive textile, food and service sectors, will be sold because their profitability is heing eroded by higher wage costs.

The companies to he sold include Cheil Food & Chemicals, Cheil Synthetics, Hicreation, Cheil-Bozell Advertising, Daekyung Building, Korea-Alaska Development, Cheil Frozen Food, Chosun Hotel, Taejon Station Business and Cheil Futures.

Others companies that will be spun off inclnde Samsung Emerson and Korea Information Group in electronics, and Shin-etsu-silicone Korea, Cheil Ciba-Geigy and Daehan Precision in chemicals. The Joong-ang Daily News, one of the country'a main newspapers, will also be sold by 2000.

Although the sale of these units will reduce the gronp's annual sales hy Won3,000hn to Won40,000bn ($50bn), based on last year's sales performance, they could help raise funds for the Samsung car project, which is expected to cost at least $5bn.

Shares in Japan Tobacco slump on first day's trade

By Emiko Terazono in Tokyo

Japan's ministry of finance, which has met strong criticism over the unpopular partial privatisation of Japan Tnbacco, ran into further embarrassment yesterday as the stock fell sharply on its first day of trading on the Tokyo Stock Exchange.

Shares in Japan Tobacco, the cigarette manufacturing monopoly, closed at Y1.1m, down 23.5 per cent from its publicly offered price of Y1.438m and wiping Y133bn ($1.4bn) off shareholders' investments. After failing to trade during the first few bours due to the lack of buyers, the stock finally changed hands at Y1.19m.

Matsushita Electric Works, a subsidiary of the consumer electronics gronp, which bought 1,720 shares through tha pre-offer auction at about Y1.35m per share, said it would maintain its holdings for now.

Other corporate holders include Yasuda Fire & Marine Insurance, which bought 1,120 shares through the pre-offer auction.

Brokers fear the sharp fall in the stock price will further hit sluggish retail investor confidence. Over 60 per cent of the small investors who were allotted tha right to buy shares in the puhlic offering forfeited their allocations due to concerns of the weak Tokyo stock market and the axpensive offering price.

The privatisation flop casts a shadow over future govarnment flotations. "People will not trust the government in future privatisations," said one Japanese broker.

However, amid the criticism the ministry of finance put on a brave face, and said it intended to go ahead with the sales of the partially privatised Nippon Telegraph and Telephona shares during the current year to March, sinca it was included in this year's budget.

The transport ministry has taken a more cautious approach, and this week said it would review plans to list in February West Japan Railway, one of the six rail companies created by the 1987 break-up of Japanese National Railways.

Meanwhile, the finance ministry has started to review its pricing method nf shares in companies to be privatised. Rather than choosing a mid-price achieved in a pre-offer auction, Japanese and foreign brokers are calling for the adoption of the book-building system used in the US and Europe, where an offering price is chosen after financial advisers sound out the leading potential investors.

The Tokyo stock market shrugged off Japan Tobacco's woes, and the Nikkei 225 index closed marginally higher gaining 50.01 to 19,796.36.

See World Stock Markets

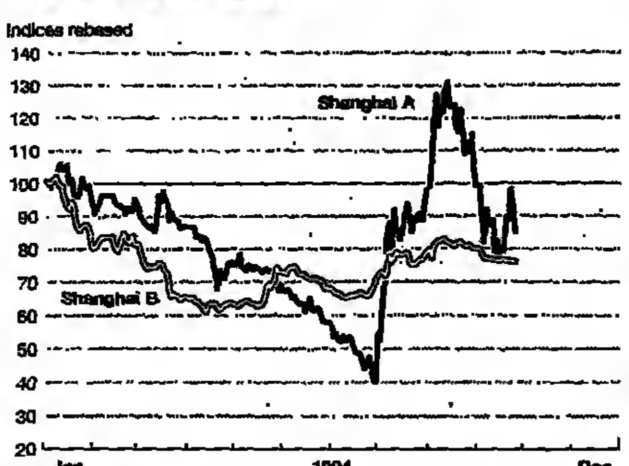
Chinese cling to share rollercoaster

Market gyrations are not helping confidence, writes Tony Walker

An official in Beijing responsible for regulating the stock market was this week reported to have said that recent market turmoil was "tugging at the hearts of bundreds of millions of Chinese".

Something of an exaggeration perhaps, but share indices have been rising and falling 5 per cent to 10 per cent almost daily in recent months, and such volatility in China'a infant markets is hardly engendering confidence among investors.

China: volatile times



Source: Datastream

The Shanghai index for A-shares (reserved for local investors) hit a low-point of 325.85 on July 29, prompting panicky government intervention to halt the slide.

The market then jumped to a heady peak of 1,057.31 on September 12 before subsiding like a punctured balloon, to fall hy about 40 per cent in ensuing days. Yesterday, it finished at 703.72, compared with 686.31 the day before.

One factor creating the market's gyrations are continuing rumours about the health of Mr Deng Xiaoping, China's senior leader. The Shanghai market plummeted hy about 40 per cent earlier this month on reports that Mr Deng was near death, before recovering most of the lost ground after an official denial.

Mr John Crossman of Jardine Fleming brokers in Shanghai likens the Shanghai A-share market to a casino. "It is completely driven by small local investors trying to guess what the hig investors [local securities houses] are doing and vice versa."

Mr Crossman helieves the A-sbare index will hounce between 500-800 until liquidity improves. He notes that while tbe market capitalisation of A-share companies is about U$40bn, only about U$8.1bn of stock is tradeable.

These are shares held hy individual investors, and amount to abont one-third of a listed companies' shares. The remainder are vested in the state or held by so-called "legal persons", such as institutions, corporations and quasi-government bodies.

The August jump in China's fledgling stock markets followed a government announcement that it was suspending all new listings. It also said it was considering allowing the establishment of joint venture security houses to trade in A-shares.

This announcement galvanised a market starved of positive news, but it seems the benefits of government intervention are diminishing in the absence of further developments. "They ramped the [A-share] market to unsustainable levels, but now it's run out of juice," says Mr Crossman.

Western stock analysts in Shanghai say among problems facing the A-share market is the lack of supply of newly-listed stock. They believe it was a mistake for the authorities to halt new listings.

Instead, they say, the government should have announced a schedule for newly-listed stock, which would have provided a clear guide to the future instead of the previous haphazard approach which gave no real guidance of the timing of new issues.

The Shanghai Securities News reported an (unnamed) official of the Securities Commission in Beijing, one of several securities regulatory bodies under State Council or cabinet, as saying the authorities were investigating the establishment "as soon as possible" of investment funds to stabilise the market.

Chinese officials have heen trumpeting the need for mutual-type funds to bring weight to the market. However, such a development is being held up because of delays in promulgating a new National Securities Law. After going through multiple drafts, the measure is lodged with the standing committee of the National People's Congress, China's parliament.

Small closed-end funds are active in China's markets, but these can hardly be said to contribute to stability since they are speculative vehicles. About 70 of these funds are operating in the Shanghai market.

While the hehaviour nf A-shares has been marked by extreme volatility, B-shares, traded in US and Hong Kong dollars, are languishing, with the index finishing yesterday at 77.28, littla changed from the day before.

Mr Richard Graham, chief representative in Shanghai of Baring Securities, said managers of China funds were preoccupied with negative economic news from China, including had inflation figures. An adverse tax ruling denying foreign invested companies tax rebates had also depressed sentiment. "Fund managers these days are looking at actual earnings growth," he said.

Local Chinese investors appear to have paused in their purchases of B-shares. With the stabilisation of the yuan (the local currency has appreciated this year against the US dollar), there is much less incentive for locals to dabble in B-shares.

Among the few hright spots has been the increased activity of Japanese securities houses, following the Japanese share dealers' association's decision in March to allow investments in the Shanghai market.

Increased, albeit cautious, Japanese activity is reflected in the increasing share of trading in the B-share market of Japanese securities houses, with Nomura leading the way.

Western analysts in Shanghai expect the B-share market to continue to he subdued for the rest of the year and predictions that the B-index would reach 100 by the end of the year have been set aside.

ANA drops 79% despite increase in traffic

By Michiyo Nakamoto

All Nippon Airways (ANA) reported a sharp drop in recurring profits, before extraordinary items and tax, for tha first half of the year, in spite of a moderate recovery in passenger volumes.

Tbe recnrring profits declined 79 per cent to Y1.19hn ($12.2m) from Y5.56hn a year ago, as revennes slipped slightly to Y401.6hn from Y404.4bn.

Net income fell 40 per cent to Y798m from Y1.34bn last time.

ANA, Japan's second biggest airline, said Japanese travellers were returning to the market, but the benefits had been overshadowed by a sharp decline in prices. "We are seeing increases in passengers bnt with the rampant price sensitivity it hasn't helped our revenues much," the company said.

The yen's strong appreciation lured Japanese passengers hack on to international routes, where passenger numbers were np 5 per cent, ANA said. European routes, in particular, did well.

However, revennes from international routes were up only 3 per cent. If prices had not fallen, ANA would have added Y800m to passenger revenues nf Y2.4bn in the period.

On domestic rontes, passenger numbers were up only 1.8 per cent.

"With Japan's economy showing signs of recovery, the prolonged downward trend in air travel demand appears to have bottomed out," ANA said. Business class appears to be recovering, particularly on European and North American routes.

ANA initiated a restructuring plan in February to cut costs hy abont Y6hn and increase revennes by abont Y20bn by March next year. The plan includes a 10 per cent cut in its workforce through natural attrition and cuts in controllable costs.

In the first half of the year, the company has been able to cut operating costs hy Y600m. It has started to hire cabin crew on a contract basis in a programme that is heing adopted by Japan's troubled airlines and whicb caused substantial controversy this summer.

ANA does not expect a strong recovery, in spite of a promising outlook for international passenger travel, which is forecast to rise by nearly 10 per cent in the full year. The company expects revenues for the year to rise 2.5 per cent to Y794bn and is "cautiously confident of keeping the airline in the black".

Fujitsu returns to black as electronics sector recovers

Michiyo Nakamoto in Tokyo reports on improved results at some of Japan's leading groups

Electronics

Japan's large comprehensive electronics companies posted a firm recovery in profits in the first six months of fiscal 1994 on the strength of cost-cutting measures and hnoyant demand for products. The rebonnd for the manufacturers, who make a hroad range of products from semiconductors and televisions tn cnmputers and heavy electrical machinery, ended a painful period of declining earnings lasting, in many cases, for three years.

Fujitsn, Japan's largest computer manufacturer and parent of ICL, the UK-hased computer company, bounced back into the black with recurring profits – before extraordinary items and tax – of Y22.13bn ($227m) compared with a deficit of Y13.79bn at the same stage last year.

NEC saw recurring profits nearly triple to Y20.28bn from Y7.13bn while Mitsnbishi Electric's recurring profits surged 80 per cent to Y27bn.

The turnround came in spite of what ths companiss described as persistent weakness in private capital spending amid a mild economic recovery in Japan and a strong rise in the value of the yen.

The biggest boon for Japan's electrical makers was the strong demand this year for electronic devices, particularly semicondnctors and liqnid crystal display panels.

Japanese companies are leading world suppliers nf memory chips and LCD screens, whicb are seeing strong demand from the US personal computer industry as PCs have been upgraded to advanced models which use more memory and as the PC market has grown.

Fujitsu reported a 22 per cent risa in sales of electronic components, including semiconductors.

Toshiba said semiconductor sales were up 14 per cent and sales in its information systems and electronic devices division were up 16 per cent as a result of strong demand for semiconductors and LCDs.

Other Information equipment, such as cellular phones and car navigation systems, enjoyed firm demand in Japan and are expected to support sales ahead.

However, for the many integrated electrical machinery makers involved in consumer electronics, demand from consumers fnr audio-visual products remained sluggish overall, in spite of the income tax cut.

In addition, prices have fallen sharply in the consumer electronics market, resulting in lacklustre profits even for companies which were able to maintain unit sales.

For example, Toshiba said that air conditioner sales rose 50 per cent in unit terms hut due to weak prices the benefit to profits was insignificant.

Meanwhile, sales of TVs, video recorders and audin equipment remained weak in the Japanese market and pricea came under pressure from cheap imports.

The weakness of private capital spending was reflected in the resnlts of those companies' with substantial heavy electrical and industrial machinery divisions.

Hitachi, for example, saw a 15 per cent decline in sales in its industrial systems division.

Toshiba suffered a 30 per cent drop in its heavy electrical machinery division, although that was largely on an absence of nuclear power plant sales in the period.

The computer market was also, on the whole, a weak point for Japanese companies. While PCs have been in demand in the Japanese market, prices have fallen sharply.

Fujitsu said it expected unit sales to rise about 28 per cent to 30 per cent but indicated that this would not translate directly into profit increases due to the price falls.

Fujitsu saw consolidated sales in its information processing division fall 2 per cent due to the yen's rise and to a weak performance by ICL, which suffered from stagnant sales in Europe, it said.

The companies have responded to pressures in their business environment by cutting costs, shifting production overseas and procuring more parts from low-cost bases abroad.

Toshiba, for example, began importing 14-inch TVs from Taiwan which it sells in Japan under its own brand in an original equipment manufacturing arrangement, the company said.

Fujitsu said it would shift more production overseas. Currently 17 per cent of the company's overall sales is manufactured overseas.

The industry expecta demand fnr semicnnductors and LCDs to remain huoyant for some time ahead.

On tha back of expected strong semiconductor demand, NEC, Toshiba and Fujitsu have all revised spending plans to reflect greater expenditure on semiconductor facilities.

See Lex

1994 interim results and forecasts for year (Ybn)

Company	Sales 1994	Sales 1993	Recurring profits* 1994	Recurring profits* 1993	Net profits 1994	Net profits 1993
Fujitsu	1,022.30	995.29	22.13	-13.79	12.26	-12.49
Forecast	2,250.00		70.00		38.00	
Hitachi	1,872.96	1,932.23	43.03	29.86	26.23	21.26
Forecast	3,650.00		86.00		52.00	
Mitsubishi Elec	1,165.43	1,139.02	27.01	16.04	14.31	4.87
Forecast	2,440.00		59.00		28.00	
NEC	1,389.63	1,382.36	20.26	7.13	10.26	5.13
Forecast	3,930.00		60.00		30.00	
Toshiba	1,521.59	1,535.71	24.70	22.41	17.20	17.01
Forecast	2,440.00		65.00		36.00	

* = before extraordinary items and tax. Source: company reports

Philippine media group gains 63% in third quarter

ABS-CBN Broadcasting, the Philippines television and radio operator, said its unaudited tbird-quarter net income rose 63.1 per cent to 735.2m pesos ($28.9m) from 450.8m pesos in tbe same period last year, Reuter reports from Manila.

Gross revenues grew 25.1 per cent to 2,169bn pesos from last year's 1,734.6bn pesos, and earnings per share rose to 2.83 pesos from 1.73 pesos.

Analysts noted tbe company's audience share continued to grow, and advertising revenues were expected to jump around the Christmas period.

New World Development profits rise 24% to HK$4.3bn for year

By Louise Lucas in Hong Kong

New World Development, the Hong Kong property, hotels and infrastructure group, yesterday reported a 24 per cent rise in net profits to HK$4.3bn (US$558m), from HK$3.5bn, for the year to June 30. The results were broadly in line with market forecasts.

Gross income from property sales last year totalled HK$6.3hn, a 31 per cent improvement over the previous year. However, rental income edged up 6.5 per cent to HK$1.4bn from HK$1.3bn.

On a fully diluted basis, earnings per share rose 18 per cent to HK$2.57 from HK$2.17 the previous year.

Tha directors are recommending a final dividend of 78 cents, up from 62 cents the previous year, to be paid in scrip or cash.

The group has 17 projects in the pipeline, which will provide New World with a total entitlement of about 572,997 sq metres upon completion with ahout 92,350sq m to be completed before the end of the financial year.

New World boasts one of the biggest landbanks in China among the Hong Kong property developers, and believes this will allow it to benefit from reforms and economic development across the border.

In Hong Kong, where government measures and bank curbs on mortgage lending have depressed property prices, tha group is equally confident of its prospects.

Mr Henry Cheng, managing director, said consolidations would nurture a bealthier and more stable environment for future property development. "The fundamental factor supporting long-term growth in property valua has remained unchanged with the facts that the demand far exceeds supply," he said.

INTERNATIONAL CAPITAL MARKETS

Longer-dated Treasuries stage advance

By Frank McGurty in New York and Conner Middelmann in London

Longer-dated US Treasury bonds staged a modest advance yesterday morning ahead of today's data on economic growth. The improvement suggested the market had already factored an unfavourable reading into prices.

By midday, the benchmark 30-year government bond was $\frac{5}{32}$ better at $93\frac{28}{32}$, with the yield slipping to 8.039 per cent. At the short end, the two-year note was unchanged at $99\frac{19}{32}$, to yield 6.892 per cent.

The advance at the long end was not a reflection of any fundamental shift in sentiment. The tone remained marginally negative, with most traders merely squaring their positions ahead of the advance estimate of gross domestic product in the three months to the end of September. Few were willing to make big commitments beforehand, even though many believe the market has established a bottom.

Most economists had already revised their forecasts upwards. The consensus view sees growth at 3 per cent during the quarter, as weaker initial forecasts have fallen victim to e series of stronger than expected economic indicators in recent weeks. Few were doubting the Federal Reserve was poised to lift short-term interest rates again.

The same signals had sent bond yields to their highest levels in 2¼ years. With the return on the long bond hovering above 8 per cent all week, buyers were finally lured back into the market, though the activity was restrained, at best.

Improvement by the dollar against the yen and D-mark was a help, and a mildly discouraging economic report was mostly ignored. Initial claims for unemployment benefit – a snapshot of employment conditions – showed a small decline last week, against expectations of a slight gain.

At the short end, uncertainty over the aggressiveness of the Fed's expected move after the November elections was holding back activity.

■ European government bonds extended their early gains in late trading, supported by firmer US Treasuries and lifted by a break of key resistance on the German bund futures contract.

However, market participants remained nervous ahead of today's release of US GDP data, and dealers said investor participation was minimal, with most of the activity taking place in the futures pits.

GOVERNMENT BONDS

■ UK gilts rallied by about a point, strongly out-performing German bunds. The December long gilt future on Liffe ended the day around 100¼, up $\frac{15}{16}$. The 10-year gilt yield spread over bunds narrowed to 133 from 142 basis points on Wednesday.

In large part, gilts were lifted by comments from Mr Kenneth Clarke, chancellor of the exchequer, who said that UK interest rates would not have to rise much if e tight fiscal policy was maintained.

"This may be a hint that the [November 29] Budget will be comparatively tight," said Mr Chris Anthony, gilts analyst at ABN Amro Hoare Govett.

The market was also relieved by ebbing sopply concerns after Wednesday's gilt auction, which has left the funding pipeline clear of supply until December.

A stronger currency also supported gilts and encouraged some foreign buying. Dealers reported overseas purchases in seven to 10-year maturities, while domestic investors ware said to have been moving into longer maturities.

■ German bonds rose by more than ½ point in largely technical dealings. Early in the day, prices rose on hopes that the Bundesbank might revert to variable-rate securities repurchase agreements from the current regime of fixed-rate repos, which was seen to pave the way for lower short-term rates. Although the Bundesbank's Council at its meeting yesterday lsft interest rates unchanged and announced two more weeks of fixed-rate repos at an unchanged 4.85 per cent, the market held on to its gains.

In the afternoon, slightly firmer US Treasuries helped the December bund future breach key resistance at 89.00; it closed around its day's high of 89.25, up 0.62.

■ Europe's high-yielders continued their recent rally. Italy again out-performed Germany, its yield spread over bunds narrowing to 422 from 437 basis points on Wednesday; Sweden's yield gap remained steady around 315 basis points.

Swedish bonds were lifted by the Riksbank's 20 basis point increase in the repo rate to 7.40 per cent, seen as a credibility-bolstering move by the newly-appointed central bank council.

Italian bonds rallied on Wednesday's cabinet agreement on amendments to pension reform, the nomination of Mr Vincenzo Desario as central bank deputy governor and buying by domestic investors.

Cedel seeks approval to apply for bank licence

By Norma Cohen, Investments Correspondent

Cedel, ths internatiooal clearing and settlement organisation, is urging the nearly 100 banks who own it to allow it to apply for a Luxembourg banking liceoce in order to compete head-on with Morgan Guaranty's Euroclear system.

Ths nesd for a banking licence has been prompted by the Basle agreement on international bank capital adequacy rules, which require deposits against unsettled trades held at a corporation such as Cedel to carry a 100 per cent risk weighting.

However, settlement deposits at Euroclear, which has a banking licence through Morgan Guaranty, carry a much lower 20 per cent risk capital weighting, making it much cheaper to use it for international securities clearing and settlement.

Although the Basle guidelines have been in effect since 1989, it is only recently that Cedel has begun to address their effect on its interests.

It has been reluctant to apply for a banking licence, partly out of concern at some of its shareholders that it could become their competitor.

Cedel's London-based Libsrty subsidiary has recently launched a new electronic order-routing service for cross-border investment. A Cedel-owned bank conld easily become a custodial bank for users of the system, or a mechanism for electronic transmission of banking payments.'

Cedel, which is based in Luxembourg, has been reassuring shareholders that it does not intend to use ths licence for activities which could compete with theirs.

Kepco lists ADRs on New York SE

By Richard Lapper

Korea Electric Power (Kepco) yesterday became the country's second company to list on the New York Stock Exchange when it raised about $300m in a global equity offering of 14.9m American Depositary Shares.

The move by Korea's biggest company by capitalisation further signals a trend by Asian and Latin American companies to raise capital through issues of either ADSs or global depositary receipts – paper which represents underlying shares.

Kepco issued 14,906,832 ADSs in its offer, which was co-ordinated by Lehman Brothers. They were priced at $20¼, a premium of 5 per cent over the last local share price, but fell to 19¾ in early trading. Each ADS represents two shares.

Pohang Iron & Steel Company (Posco), the world's second largest steelmaker, was the first Korean company to issue ADSs when it raised about $300m in New York earlier this month. Korean companies were recently given permission by the government to list their shares in New York, London and Tokyo.

Korean companies have been active in the GDR market, with seven issuing $473.9m in GDRs this year (compared with three issuing $328.2m in 1993), according to figures produced by Euromoney Bondware.

Total GDR issues by Hungarian, Turkish and a range of Asian and Latin American companies have amounted to more than $5.5bn compared with $2.1bn in 1993, according to the same source. Indian companies have topped the league of GDR issuance this year, raising about $2.39bn.

The listing of the two Korean ADSs opens up another route into Korea for individual US investors, who are curreotly dependent on a range of country funds.

Trans-Tokyo Bay offer sees strong demand

By Martin Brice

The euromarkets saw a paucity of issues yesterday as borrowers stood on the sidelines awaiting the reaction to today's figures on GDP from the US.

INTERNATIONAL BONDS

The main deal of the day was Trans-Tokyo Bay Highway Corp, which brought a $200m, 10-year deal with a 8⅜ per cent coupon via Bank of Tokyo Capital Markets.

A syndicate manager said demand for the deal was far stronger than expected. "This is a hot issue," he said, with sales to institutions in Asia and Europe.

Yesterday's deal came at 38 basis points over the comparable Treasury, and did not move when freed to trade, said BoT. Other syndicates said the deal was fairly priced.

Bayerische Hypobank brought a A$75m, three-year deal with a 9¾ per cent coupon which lead-manager Hambros said met retail demand in Europe.

This was Hambros' 31st deal this year in the Australian dollar sector, and Bayerische Hypobank's second. Its first deal came in August with an 8¾ per cent coupon and by yesterday had tightened in by 35 basis points, said Hambros.

Deutsche Bank Finance brought a $200m deal with a 7.5 per cent coupon and a 39-month maturity. There was an excellent response from other syndicates, said lead manager Deutsche Bank, which brought this deal after seeing good demand for the three-year tranche of the Johnson & Johnson deal this week.

Dresdner International Finance opted for ABN-Amro Bank to handle its first visit this year to the euromarkets with a Fl 250m, five-year offer.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Trans-Tokyo Bay Highway Corp.	200	8.375	99.662R	Nov.2004	0.325R	+38(7¼%-04)	Bank of Tokyo Capl.Markets
Deutsche Bank Finance(a)	200	7.50	100.18R	Feb.1998	0.1875R	+22(6¾%-97)	Deutsche Bank London
Riocell(b)	50	12.50#	99.80R	Nov.2002	1.125R	+516(6⅞%-97)	CS First Boston
YEN							
Landesbank Rheinland Pfalz★	15bn	zero	89.65	Dec.1997	undisd.	-	Norinchukin International
GUILDERS							
Dresdner International Finance	250	7.50	99.80R	Dec.1999	0.25R	+25(7¼%-99)	ABN Amro Bank
AUSTRALIAN DOLLARS							
Queensland Treasury Corp.	250	8.875#	99.847	Nov.1998	undiscl.	-	Merrill Lynch International
Bayerische Hypobank	75	9.75	101.15	Dec.1997	1.50	-	Hambros Bank
SWISS FRANCS							
Aeroports de Paris★	70	5.75	102.50	Dec.1996	1.25	-	Paribas/ Swiss Bank Corp.

Final terms, non-callable unless stated. Yield spread over relevant government bond at launch supplied by lead manager. ★Unlisted. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Short 1st coupon. b) Puttable on 4/11/97 at 99.12%.

Stadshypotek to price share deal

By Martin Brice

The board of Stadshypotek, the state-owned Swedish mortgage lender, meets today to decide final pricing of its SKr3bn domestic and international equity issue.

Around 88 per cent of the shares have been taken up by domestic investors, who were offered free shares to encourage them to participate in Sweden's largest initial public offering, being handled by Kleinwort Benson of the UK and Alfred Berg of Sweden.

Some 17m shares are likely to be available to international investors, suggesting a value for the international tranchs of around $220m.

Deadline for Benpres moved

By Martin Brice

Jardine Fleming has moved a deadline for bolders of coovertible bonds in Benpres, the Philippine media group, to swap them into global depositary receipts in the company.

The deadline has been moved from 5pm (New York time) today to 5pm on Thursday to allow investors more time to convert the bonds.

Jardine is handling the GDR issue for Benpres, the largest broadcasting group in the Philippines, where there are legal restrictions on foreigners holding media shares. Jardine has constructed the $250m issue to allow foreigners to own GDRs but not underlying shares.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	91.1800	-	10.45	10.13	10.20
Belgium		7.750	10/04	85.0400	+0.460	8.51	8.35	8.49
Canada *		8.500	06/04	83.5600	+0.200	0.11	8.13	8.93
Denmark		7.000	12/04	87.0500	+0.130	9.00	8.77	8.96
France	BTAN	8.000	05/98	101.1250	+0.130	7.60	7.28	7.48
	OAT	6.500	04/04	81.9500	+0.230	8.32	8.12	8.11
Germany Treu		7.500	09/04	99.0800	+0.520	7.63	7.41	7.58
Italy		8.500	08/04	82.3500	+1.350	11.58†	11.79	11.36
Japan	No 110	4.800	06/99	102.5930	-0.080	4.14	4.09	3.85
Japan	No 164	4.100	12/03	95.7640	+0.090	4.77	4.73	4.55
Netherlands		7.250	10/04	97.5400	+0.500	7.61	7.41	7.50
Spain		6.000	05/04	81.6900	+0.390	11.19	11.15	11.09
UK Gilts		6.000	08/99	89-10	+13/32	8.69	8.49	8.64
		8.750	11/04	96-21	+29/32	8.77	8.68	8.84
		9.000	10/08	102-07	+35/32	8.72	8.62	8.80
US Treasury *		7.250	08/04	95-25	+1/32	7.87	7.77	7.84
		7.500	11/24	93-25	+3/32	8.05	7.98	7.95
ECU (French Govt)		6.000	04/04	82.9700	+0.380	8.70	8.51	8.63

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

		One month	4.84	Two year	6.69
Prime rate	7¾	Two month	5.25	Three year	7.11
Broker loan rate	6½	Three month	5.10	Five year	7.56
Fed.funds	4¾	Six month	5.70	10-year	7.87
Fed.funds at intervention	•	One year	6.21	30-year	8.05

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	109.64	109.68	+0.10	109.94	109.36	135,983	138,216
Mar	108.80	108.88	+0.18	109.06	108.70	1,545	11,684
Jun	108.02	108.06	+0.18	108.20	108.00	608	761

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Nov	Calls Dec	Calls Mar	Puts Nov	Puts Dec	Puts Mar
110	0.88	1.41	-	0.32	1.14	-
111	0.47	1.03	-	1.32	1.76	3.07
112	0.21	0.74	-	-	2.51	-
113	0.09	-	-	-	3.38	-
114	0.05	-	-	-	4.32	-

Est. vol. total, Calls 21,614 Puts 28,191 . Previous day's open int., Calls 293,833 Puts 322,403.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	88.73	89.23	+0.60	89.25	88.65	142501	179351
Mar	88.09	88.45	+0.61	88.43	88.01	303	5505

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Dec	Calls Jan	Calls Feb	Calls Mar	Puts Dec	Puts Jan	Puts Feb	Puts Mar
8900	0.98	0.88	1.12	1.28	0.75	1.43	1.67	1.83
8950	0.72	0.68	0.90	1.06	0.99	1.73	1.95	2.11
9000	0.51	0.51	0.72	0.87	1.28	2.06	2.27	2.42

Est. vol. total, Calls 12758 Puts 12982. Previous day's open int., Calls 272682 Puts 221473

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.80	100.52	+0.97	100.65	99.76	53427	69277
Mar	99.36	99.73	+0.97	99.50	99.33	215	5191

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
10050	1.17	2.23	1.15	3.00
10100	0.91	2.01	1.39	3.28
10150	0.70	1.82	1.68	3.59

Est. vol. total, Calls 1890 Puts 1987. Previous day's open int., Calls 25175 Puts 20875

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	86.65	86.94	+0.51	86.94	86.60	51,292	73,959
Mar	-	86.05	-	-	-	-	50

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99-15	100-12	+1-02	100-12	99-00	75687	101818
Mar	98-26	99-15	+1-02	98-26	98-26	1	46

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
100	1-26	2-10	1-02	2-44
101	0-58	1-45	1-34	3-15
102	0-34	1-20	2-10	3-54

Est. vol. total, Calls 7185 Puts 3827. Previous day's open int., Calls 77949 Puts 43463

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	79.70	79.76	+0.20	79.96	79.70	606	6,615

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	97-06	97-07	-0-01	97-15	97-03	332,494	396,418
Mar	96-18	96-17	-0-02	96-25	96-14	808	27,685
Jun	96-03	95-31	-	96-04	95-31	46	11,304

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	107.44	-	-	107.51	107.39	1308	0
Mar	100.70	-	-	106.73	106.69	80	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Oct 27	Day's change %	Wed Oct 26	Accrued interest	xd adj. ytd		Low coupon yield Oct 27	Oct 26	Yr. ago	Medium coupon yield Oct 27	Oct 26	Yr. ago	High coupon yield Oct 27	Oct 26	Yr. ago
1 Up to 5 years (24)	118.66	+0.23	118.40	1.23	9.83	5 yrs	8.74	8.85	8.13	8.76	8.88	6.35	8.94	8.05	8.49
2 5-15 years (23)	137.79	+0.81	136.69	1.57	11.00	15 yrs	8.64	8.75	7.03	8.77	8.90	7.17	9.00	9.12	7.37
3 Over 15 years (8)	154.18	+1.17	152.40	2.24	10.57	20 yrs	8.59	8.69	7.14	8.77	8.90	7.22	8.89	9.00	7.39
4 Irredeemables (6)	172.36	+0.77	171.03	-0.14	13.47	Irred.†	8.66	8.75	7.30						
5 All stocks (61)	135.25	+0.67	134.35	1.55	10.65										

Index-linked	Thu Oct 27	Day's change %	Wed Oct 26	Accrued interest	xd adj. ytd		Inflation 5% Oct 27	Oct 26	Yr. ago	Inflation 10% Oct 27	Oct 26	Yr. ago
6 Up to 5 years (2)	185.62	+0.05	185.54	0.34	5.07	Up to 5 yrs	4.00	4.01	2.33	2.82	2.82	1.49
7 Over 5 years (11)	172.05	+0.09	171.90	9.78	4.36	Over 5 yrs	3.91	3.92	3.14	3.72	3.72	2.98
8 All stocks (13)	172.58	+0.08	172.44	0.73	4.41							

Debentures and Loans	Thu Oct 27	Day's change %	Wed Oct 26	Accrued interest	xd adj. ytd	5 year yield Oct 27	Oct 26	Yr. ago	15 year yield Oct 27	Oct 26	Yr. ago	25 year yield Oct 27	Oct 26	Yr. ago
9 Debs & Loans (77)	126.19	+0.68	125.33	2.29	9.24	9.89	8.89	7.84	8.79	9.87	8.14	9.70	8.77	8.25

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Oct 27	Oct 26	Oct 25	Oct 24	Oct 21	Yr ago	High*	Low*
Govt. Secs. (UK)	90.58	90.06	90.40	90.94	91.29	102.65	107.04	89.54
Fixed Interest	108.84	107.96	107.46	107.94	108.05	124.35	133.87	106.50

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94) , low 50.53 (3/1/75) . Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Oct 26	Oct 25	Oct 24	Oct 21	Oct 20
Gilt Edged bargains	90.9	87.8	64.6	91.9	86.9
5-day average	84.4	84.1	84.5	89.9	91.0

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on October 27

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	88	88¼		8.52
Alberta Province 7⅞ 98	1000	99¼	99½		7.85
United Kingdom 7¼ 97	5500	100¾	101		6.84
Volkswagen Intl Fin 7 03	1000	93¼	93⅝	-½	8.11
World Bank 0 15	2000	19½	20½	-¾	8.04
Abbey Natl Treasury 8 08 £	1000	90⅛	91	+½	8.84
Alliance Leics 11⅜ 97 £	100	105⅝	106	+⅛	8.75
British Land 8⅞ 23 £	150	87⅞	87⅞	+1⅜	10.50

[illegible]

UK GILTS PRICES

[illegible]

© The Financial Times Ltd., 1994. Reproduction in whole or in part in any form not permitted without written consent. Data supplied by International Securities Market Association.

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. ♦ Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

Turnround at Broadgate boosts Stanhope

The position of Stanhope, the developer which is in refinancing talks with its banks, improved yesterday with the publication of figures which showed a healthy increase in the value of its main assets.

Stanhope has been approached by a number of potential investors, including British Land, headed by Mr John Ritblat, which bought a 30 per cent stake in February.

Full-year results from Broadgate Properties, in which Stanhope has a 50 per cent stake, showed that the value of its five buildings in the Broadgate office complex increased by £46.7m, or 6 per cent, to £778m, during the year to June 30.

The value of the Ludgate development, on the western edge of the City of London, increased by £74.5m reflecting both higher property values and additional development work carried out during the year. Ludgate is now valued at £224.4m.

With external debt falling from £799m to £788m, the value of Broadgate Properties to its shareholders increased to £232m (£148m). This is split between Stanhope and Rosehaugh, its partner which was put into receivership in 1992. Analysts estimated the figures would give Stanhope net assets of about £10m at its year-end, against negative net assets of £15.7m last year.

Turnover fell from £87.1m to £69.1m, reflecting lower rental income following the sales of 175 Bishopsgate and 100 Ludgate Hill, which raised £199m to reduce bank borrowings.

Operating profit declined to £57.7m (£67.2m) but after the release of £25m provisions to reflect the increased value of Ludgate and lower financing costs, pre-tax profits were £28.7m against losses of £72.5m.

Despite additional lettings at both Broadgate and Ludgate, the company did not cover its cash financing costs from operational activities. The net cash inflow from operations for the year was £54.1m (£83m) against cash interest costs of £71.8m (£117.5m).

Mr Paul Rivlin, finance director, said that while Broadgate now covered its financing costs, rent-free periods for tenants at Ludgate meant interest was rolling up on some loans.

The company has let 393,000 sq ft of office space since June 1993, leaving vacant only 81,000 sq ft at Broadgate and 58,000 sq ft at Ludgate.

The negative aspect of trying to keep all the equity

Stanhope needs a short-term financial fix to give its principal asset time to bear fruit, reports Simon London

Stanhope's struggle for survival is perhaps the last great battle of the 1980s' property boom. The company, under its founder Mr Stuart Lipton, was responsible for many of the decade's high-profile developments, including the 3.5m sq ft Broadgate office complex in the City of London.

As Stanhope searches for ways of repaying the £140m owed to its 16 banks, its fortunes are closely linked with those of Broadgate. The prized development is Stanhope's main asset, held through its 50 per cent stake in Broadgate Properties, and the main reason why an outside investor would want to step in.

As a working environment, there is no doubt that Broadgate is an outstanding success. It has attracted 20,000 workers to an area of the City previously considered a backwater.

But as a financial structure, Broadgate already looks dated. It was funded almost exclusively with bank loans, using non-recourse financing techniques imported from the US by Mr Godfrey Bradman, chief executive of Rosehaugh, which owned the other half of Broadgate Properties until its receivership in 1992.

In a rising property market this style of finance was attractive to developers. By keeping all the equity for themselves, they also hoped to collect as property values increased.

Mr Bradman is reported to have said: "You can lose as much on a small development if it goes wrong as on a major project, but the upside is not nearly as exciting."

Yet problems arose when property values started to fall. Despite holding assets valued at over £1bn, once debts were deducted, the value of Broadgate to its shareholders fell to only £148m at June 30 1993.

With few other assets and £140m debt of its own, Stanhope showed negative net worth of £15.7m at the same date.

Yesterday's results from Broadgate Properties show that the position has improved. Stanhope should show positive net assets when its results for the year to the end of June are announced.

Increasing property values also add weight to Mr Lipton's argument that it would be foolish to sell Broadgate into a rising market.

A forecast commissioned by the company from Jones Lang Wootton, the surveyors, suggested that rents at Broadgate could rise to £50 a square foot by June 1997, from perhaps £30 a square foot today.

On this assumption, Broadgate Properties' assets might be worth about £1.3bn in three years' time. If its debts remained at about the same level, its value to shareholders could quickly rise to £500m.

While some property professionals regard this forecast as a little ambitious, most are prepared to concede that Jones Lang Wootton's expectations for rental growth are not wildly aggressive.

The shortage of prime quality offices in core areas of the City of London means that space at Broadgate should command a premium price.

In principle, Stanhope's syndicate of 16 lending banks would probably agree that it would be better to hold on to Broadgate. But while they are sympathetic towards Mr Lipton's position, their prime interest lies in having their loans repaid by the December 16 deadline.

Stanhope needs an equity injection to allow this to happen.

The search for a partner willing to invest anything up to £100m – codenamed Project Phoenix – started late last year. By February, Stanhope was close to agreeing terms with an east Asian investor, believed to be Singapore Land. The plan envisaged Singapore Land taking a 30 per cent stake in Stanhope through a £150m rights issue.

Bankers close to the deal say there were even thoughts of buying the other 50 per cent of Broadgate Properties from Rosehaugh's receiver, in which case the rights issue would have looked to raise anything up to £260m.

The move in February by British Land, the property company run by Mr John Ritblat, to buy 30 per cent of Stanhope changed everything. The shares came to British Land, via Bank of Nova Scotia, from Olympia & York, the failed Canadian developer responsible for Canary Wharf which bought the stake in 1988.

Stanhope waged a long but ultimately unsuccessful legal battle to prevent British Land acquiring the shares.

According to Mr Lipton, the episode also scared off his white knight, which was not prepared to tangle with Mr Ritblat. By the time the legal proceedings finished in May, Project Phoenix was back to square one.

In a statement earlier this month Stanhope said that it was talking to a number of interested parties, but that any offer was likely to made at less than the prevailing 26p share price.

Among those rumoured to have been in negotiations with Stanhope are Morgan Stanley and Goldman Sachs, which run substantial property funds, and Chelsfield, the property investment and development company run by Mr Elliott Bernard.

Mr Ritblat, of course, still has a 30 per cent stake in Stanhope and has made no secret of his desire to take control of Broadgate.

With the banking deadline looming, the outcome will be determined over the next few weeks. Stanhope's advisers still hope to find a way of rescuing the company while at the same time buying the other 50 per cent shareholding in Broadgate Properties from Rosehaugh's receiver.

Such a deal would increase the value of the assets at a stroke, since the whole would be worth more than the sum of its parts.

The point is not lost on the banks in Stanhope's syndicate, which also made loans to Rosehaugh. Through the receiver they already own Rosehaugh's stake in Broadgate Properties. If Stanhope were to fail they would effectively have control of the development.

The banks would rather avoid such an outcome. If Stanhope can find a formula which offers them full repayment – or something close to it – there is every sign that the relatively small lending syndicate will be supportive.

For shareholders who backed Mr Lipton's vision in the 1980s, though, the choice is likely to be between accepting little or nothing.

The assets equation

Stanhope Properties PLC
Debt: £140m* Net assets: £10m*

Subsidiaries 100%
Net assets: negligible
Watling House
Stanhope Interior
Stanhope Estates Management
Stanhope Development Management

Stuart Lipton chief executive

BP group 50%	SKP group 50%	LRC group 33%	STC group 50%	SCL group 50%
Net assets: £232m	Net assets: £10m*	Net assets: negligible	Net assets: £42m*	Net assets: negligible
Broadgate	Stockley Park 58%	Kings Cross	Chiswick Park	St. Georges Court
Ludgate	Euston			
	London Wall			

Barclays Bank
Crédit Suisse
Lloyds Bank
Nippon Credit Bank
Société Générale
Bank Leu
First Austrian Bank
Industrial Bank of Japan
Sumitomo Bank
Bank of America
Dai-Ichi Kangyo
Long-term Credit Bank of Japan
Mitsubishi Bank
Sakura Bank
Asahi Bank
Bank of Tokyo

Source: Company Accounts *Analysts' Estimates

Allied to sell Dutch breweries

By Roderick Oram, Consumer Industries Editor

Allied Domecq, the UK drinks group, is negotiating the sale of its Dutch brewing subsidiary, known for its Oranjeboom beer, to Interbrew of Belgium. A successful deal would mark a further consolidation among European brewers.

Interbrew, which brews Stella Artois, would become the second largest brewer in the Netherlands with almost 16 per cent market share. Heineken has a 50 per cent share and Grolsch has 14 per cent.

Interbrew is currently ranked fifth with 7 per cent, behind Allied Breweries Netherlands with just under 9 per cent, according to Canadean, the drinks consultant.

"They will never beat Heineken in its home market, but being a stronger number two helps," said one London analyst.

The deal, which the companies hope to complete before the end of the year, could be worth about BFr4bn (£80m), analysts estimate. After the sale, Allied's sole brewing interest, once its mainstay, would be Carlsberg-Tetley, its UK joint venture with Carlsberg, the Danish brewer.

Allied is concentrating on spirits and wines. This summer it put its extensive food and beverage businesses up for sale. Analysts estimate they could be worth up to £900m.

Dalgety, the UK food and agribusiness group, confirmed yesterday that it was interested in DCA Food Industries, Allied's US food ingredients subsidiary, which could fetch between £200m and £300m. Heinz of the US and Grand Metropolitan of the UK are thought to be among other interested parties.

Allied moved into Dutch brewing in the late 1960s. its main brewery now is in Breda, where a relatively modern plant produces 1m barrels (1.63m hectolitres) of beer a year. It also has a small specialist brewery in Arcen. The operations generated trading profits of about £7m in 1993-94.

Derivatives broking takes G&N to £14m

By Norma Cohen, Investments Correspondent

Gerrard & National Holdings, the financial group that owns a discount house, yesterday demonstrated the success of its diversification into stockbroking and derivatives with a 38 per cent rise in pre-tax profits from £10.4m to £14.4m for the six months to September 30.

The rise comes despite difficult trading conditions in fixed interest markets, which form the core of the traditional discount house activities.

Earnings per share were 16.8p, against 14.6p, reflecting the equity increase following the May acquisition of GNI Holdings.

The company also announced the first increase in its interim dividend – from 6p to 8p – since 1990. There were no implications for the size of the final dividend, it said.

G&N's shares rose 16p to close at 454p, with analysts saying the profits were somewhat better than expected.

For the first time, the company has produced its profits on a segmented basis and analysts said they had not expected the sharp increase from the derivatives broking and fund management division.

Pre-tax profits from the operation jumped from £4.44m to £10.6m.

"This is a very major and very successful diversification, particularly into derivatives broking," said Mr Philip Gibbs at Barclays de Zoete Wedd.

The sharp rise reflects increased turnover on domestic and foreign futures exchanges, as well as the relatively high level of performance-related fees that derivatives fund managers such as GNI are able to achieve.

However, G&N's discount house activities, where it deals as principal, fell 69 per cent from £4.09m to £1.27m.

Country Casuals drops £1.49m into the red

By Richard Wolffe

Shares in Country Casuals yesterday fell 6p to 82p - a record low since its 1992 flotation - after the women's wear group reported interim pre-tax losses of £1.49m.

The group blamed the losses on the launch of Elvi, its larger women's brand, and the expansion of Koto, its fashion chain for younger women.

The results were the first since the departure last month of Mr John Shannon, chief executive and chairman. Mr Shannon resigned the day after e profits warning led to the group losing more than a fifth of its market value.

The deficit for the six monthe to July 23 compared with profits of £117,000 last time and £2.62m for the full year. This was despite a 20 per cent advance in turnover to £19.9m (£16.5m).

Mr Mark Bunce, chief executive, said: "We were too ambitious about the size and speed of the shop opening programme which, with our prudent attitude to property risks, led to significant delays."

Elvi reported an operating loss of £1.59m, with the majority of its 52 stores opening in the second quarter rather than tha first as planned. Mr Bunce said there had been "too short time a pariod in order to gather enough data to project future sales growth."

Koto, the repackaged chain of 11 stores which were first opened under the Wild Women name, suffered from leasing problems and incurred an operating loss of £605,000 (£235,000). The company is now considering its future.

However, the core Country Casuals brand increased operating profits from £195,000 to £323,000.

Mr Tom Adam, chairman, said that like-for-like sales in the 186 shops rose 7 per cent in the first two months of the second half.

Lerose, the manufacturing division, increased operating profite fivefold to £261,000 (£49,000) after attracting more external orders.

Losses per share were 4.97p, against earnings of 0.41p. The interim dividend, however, is maintained at 1.41p.

● COMMENT

Country Casuals has underperformed the sector for almost 18 months, in stark contrast to Moss Bros, the men's wear retailer, which reported on Monday. While Country Casuals has been forced to discount its Elvi and Koto stock, Moss Bros protected its margins and pursued a cautious expansion strategy. Pre-tax profit forecasts for the full year range widely between £500,000 and the house broker's £1.5m, the latter putting the group on a p/e of about 15 et yesterday's close of 82p. The risk seems more on the down side.

Tom Adam: core brand made strong start to second half

Price Waterhouse settles over Carrian

By Ralph Atkins

Price Waterhouse Hong Kong announced yesterday it had reached an out-of-court settlement with the liquidator of Carrian Investment, the conglomerate placed in liquidation in October 1983 with debts of HK$10bn (£792.7m).

The accountancy firm was accused of professional negligence in failing to expose fraud within the group and was being sued for an estimated HK$2bn.

The case, brought by liquidator Ernst & Young Hong Kong, had been expected to last for at least nine months. Both sides have agreed that financial details of the out-of-court settlement should remain confidential.

In a joint statement the two sides said: "In agreeing the settlement Price Waterhouse denies any liability. However, in cases of this complexity it is often in the interests of both parties to avoid the costs of protracted litigation."

The collapse of Carrian, one of Hong Kong's most prominent companies, was the subject of a HK$100m investigation by the Hong Kong government.

Pressac funds buy with £10m rights

By Andrew Baxter

Pressac, the Nottingham-based manufacturer of automotive, telecommunications and lighting products, is buying McGavigans, another big UK supplier of automotive components, for £9.53m.

The acquisition is being funded with e 1-for-2 rights issue of up to 12.3m new shares, priced at 85p apiece, to raise £9.75m. Pressac shares fell 10p to 100p following the announcement.

The takeover of privately-hald, Glasgow-based McGavigans is an important step for Pressac in broadening its components range as the car industry moves to reduce its supplier base.

McGavigans, established in 1860, makes printed displays for dashboards, membrane switches for steering wheel horn pads and moulded three-dimensional displays. Sales and pre-tax profits were £7.2m and £937,000 respectively in the six months to August 31.

"It's an obvious fit," said Mr Geoff White, Pressac's chief executive. For example, McGavigans makes the front panels for dashboard instrument clusters, while Pressac makes the printed circuit board that goes underneath.

Mr White said Pressac would retain McGavigans' Kirkintilloch factory in Glasgow but may begin manufacturing some of its products in the US, where the Scottish company's presence is relatively weak.

Pressac also reported a 13 per cent rise in pre-tax profits from £1.95m to £2.21m for the year ended July 31, and a raised final dividend of 2.08p to make a total for the year of 2.83p (2.57p).

It believes the acquisition of McGavigans will have a beneficial impact on earnings per share in the current year to July 1995. Earnings per share rose from 4.86p to 5.6p in 1993-94. Overall turnover rose 15 per cent to £37.9m.

The automotive business was the best performer, with turnover up 33 per cent to £18.3m, reflecting improved market share and the introduction of new products, notably a heated mirror circuit board.

On trading prospects, Mr White said the first quarter of the current year had started extremely well, especially in the automotive business. Analysts forecast pre-tax profits this year of about £4.4m.

Tiphook chief gains time

By Christopher Price

Mr Robert Montagua, chief executive of Tiphook, the container leasing group, yesterday staved off personal bankruptcy proceedings by winning a 28-day adjournment to the preliminary hearing due to begin today.

Royal Bank of Scotland, which served a bankruptcy petition on Mr Montague last month, on dabts totalling £2.3m, confirmed that his solicitors "had made representations to the court and that an adjournment had been agreed while negotiations continue".

Mr Montagua has personal debts put at more than £30m, some of which are secured on his 1,300-acre estate in Pusey, Oxfordahire, and others on a 139ft luxury yacht.

There had been speculation prior to yesterday's move that Mr Montague would seek en individual voluntary agreement, a move which would require the agreement of three-quarters of his creditors. Prominent among these are Barclays and Commerzbank, the German banking group.

An IVA would involve Mr Montague agreeing a repayment programme with his creditors, a move which would probably realise more than if he were forced into bankruptcy.

However, the situation is complicated by the question of which debts are secured on particular assets. This has so far divided Mr Montague's creditors.

Royal Bank of Scotland said yesterday that it had received no notification from Mr Montague that he was seeking an IVA, although "tha adjournment period would allow time for further consultations between the parties."

It is understood that Mr Montague will return to court to seek an IVA at tha end of the adjournment period.

Talks over BS expected today

Talks are expected today in an attempt to resolve the uncertainty over the management of BS Group, the property and leisure company, writes Roland Adburgham.

Scotts Holdings, a Singapore-based property group, has agreed to buy a 26.97 per cent stake from three directors, all members of the Kerman family, for £3.1m. As part of the agreement, Scotts seeks to replace the Kermans on the board.

Sir Ian Rankin, BS chairman, opposed the sale of the entire Kerman stake to Scotts and there is speculation that he might be asked to resign.

Menvier-Swain signals interest in Scantronic

By Richard Wolffe

Menvier-Swain Group, the emergency lighting and alarms manufacturer, yesterday signalled its interest in bidding for Scantronic Holdings, a competitor.

Menvier-Swain purchased 550,000 ordinary shares in Scantronic, raising its stake to 1.64m shares, or 4.49 per cent of the security components company.

Mr Roger Fletcher, chief executive, said: "Menvier-Swain has taken this stake in good faith to demonstrate our genuine interest as a potential bidder for Scantronic.

"At present we are seeking e serious dialogue with Scantronic's board and we believe that both sets of shareholders would welcome such a dialogue."

Scantronic is hoping to raise £2.8m via borrowings and a placing and open offer of 16.1m new shares. Last week it forecast pre-tax losses of about £2.4m for the half-year to September 30, against £1.4m profits previously.

The company has been saddled with increasing debt from acquisitions.

At the end of June it had £11.2m of debt, against £3.5m in March 1993. Scantronic announced the resignation of Mr Ray Dias, finance director, the following month.

The directors do not expect to make any dividend payments, including preference payments, this year. The shares rose 2½p to 20p yesterday.

Menvier-Swain increased pre-tax profits by 23 per cent to £9.36m in the year to April, on sales of £70.3m. Its shares closed down 2p at 260p.

CSI package expected

By James Whittington

Cannon Street Investments, the mini-conglomerate, is expected to announce next week details of a restructuring package and an acquisition.

The package is aimed at cutting debt and will include the restructuring of £25.7m of convertible preference shares. The planned acquisition would strengthen the core electronics business.

The shares fell 4p yesterday to 11½p. Earlier this month they declined 11p to 15½p in ona day when the company failed to announce the expected package and reported lower sales and operating profit.

Bank of Scotland holds 98 per cent of CSI'e preference stock. Outstanding preference dividends amount to £4.48m.

The company plans to focus on its electronics division, which contributed £2.75m to reduced trading profit from continuing operations of £1.33m (£2.88m) in the first half.

Bullers in talks on rights issue

Bullers, tha giftware and media group, has announced it is holding discussions on a rights issue to raise abont £1.3m, aimed at bringing in institutional investors and eliminating outstanding debt.

The group has undergone a substantial capital reorganisation and debt conversion and an announcement on the rights issue is expected soon.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Broadcastle §	int	0.5	Dec 22	0.25	-	1
Country Casuals	int	1.41	Dec 15	1.41	-	4.3
Fleming Japanese	fin	nil	-	0.45	nil	0.45
Gerrard National	int	8†	Dec 15	6	-	22
I&S UK Smaller	int	1	Jan 6	1	-	2.8
Majedie Inv	fin	3.25	Jan 6	3	5.25	5
Overseas Inv Tst	fin	2.45	Dec 19	2.3	3.3	3.15
Pressac	fin	2.08	Dec 16	1.82	2.83	2.57
Scot Mortgage	int	1.4	Dec 6	1.35	-	4.1
Shiloh	int	1	Dec 2	1	-	3.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.

TLG valued at £205m by float price of 115p

By Christopher Price

Hamish Bryce (left) with Malcolm Robertson, finance director: hope the group will expand both organically and by acquisition

TLG, the holding company for Thorn Lighting Group, is valued at £204.8m at the flotation price of 115p, announced yesterday. About £77m will be raised for the company.

As with several recent issues, TLG's value is at the lower end of the company's expectations at the time of its pathfinder prospectus two weeks ago.

Institutional investors who had been approached about investing in the company suggested that the shares had originally been offered at nearer 125p.

Mr Hamish Bryce, executive chairman, said yesterday: "The pricing is realistic given institutional sentiment and the market conditions."

He added that the target for the amount of new money raised had been reached, the bulk of which would be used to repair the group's balance sheet.

Gearing of 93 per cent will drop to 23.6 per cent following the float.

The flotation involves the placing and public offer of 78.3m shares, raising a total of £90m. Of this, £10m goes to Investcorp, the Bahrain-based investment group, and Thorn EMI, which sold TLG to the management three years ago. Investcorp will still have a 44.8 per cent stake, and Thorn 6.5 per cent.

None of the management is selling shares, leaving its interest at 7.3 per cent.

Mr Bryce said the company would be pursuing growth through both organic and acquisitive means.

"There are plenty of opportunities in both areas and our cash position means we are well placed," he said. In particular, east Asia and Germany were two of the areas which were attracting the group's attention.

For the five months to the end of August, TLG achieved operating profits of £6.1m compared with £2.6m. Sales in the period were £136.5m against £131.3m.

Although the directors are forsaking any share sales, the senior management team, numbering 16, are to receive a one-off bonus payment of £750,000. This will be taken as an exceptional charge for the year to next March.

Trading in the shares is due to start on November 10.

● COMMENT

Although institutional frostiness to new issues may have led TLG to lower its sights, this may not be a bad thing. With the group likely to turn in full-year pre-tax profits in excess of £20m, the prospective p/e comes in at 12.5 times. This is well below the likes of Menvier-Swain, which has a decent track record, on a prospective 17.5 times and the electrical and electronic sector's 16.2. TLG must now earn a better rating. A fragmented European lighting market gives plenty of potential for expansion, while the group has an established product range, a committed management and a solid balance sheet, giving it longer-term potential.

European Court rules against Ladbroke

By Michael Skapinker, Leisure Industries Correspondent

The European Court in Luxembourg yesterday threw out an attempt by Ladbroke to break the French state-owned betting monopoly, the Pari Mutuel Urbain.

In the first of several cases it has brought to the European Court, Ladbroke argued that the PMU's monopoly restricted competition and was contrary to the Treaty of Rome.

The hotels, betting and retail group argued that the European Commission had a duty to take up its complaint. The European Court of First Instance decided the Commission was under no duty to act because the treaty's competition provisions did not apply to betting and gaming.

Ladbroke said yesterday that the PMU's monopoly over French racing made the UK group's betting operations in other European countries less competitive.

Ladbroke has 600 betting shops in Belgium, where it claims to be the biggest operator. While Ladbroke shows Belgian and UK racing in the shops, the PMU prevents it from showing French races, which would be a popular attraction. Ladbroke's competitor, the Belgian PMU, is allowed to show French racing, Ladbroke said.

The French monopoly also forced Ladbroke to close its only German betting shop last year. The shop was in the eastern sector of Berlin. Although it showed German and UK racing, Ladbroke said it needed to show French racing to survive.

Had the shop been in the western sector of Berlin it would have been able to show French races. This was because the PMU had concluded an agreement with a West German agent in the days when the city was still divided.

Ladbroke said it would have been able to negotiate an agreement with the agent, but the agency agreement did not extend to the eastern sector of Berlin.

Ladbroke said it had approached the PMU to grant it rights to French racing in east Berlin, but this had been refused.

The group said it could appeal against the decision, but had not yet decided whether it would do so. It said its other European Court cases were still awaiting a decision. These include a bid to increase competition in the Belgian market.

US spur puts Siebe in full control

Andrew Bolger looks at a £2.2bn group with a low public profile

Siebe, the international controls group, is now one of the UK's largest engineering companies, with a market capitalisation of £2.2bn – bigger than better known names such as Rolls-Royce and British Aerospace.

One reason for the company's relatively low public profile is that almost all of its products are used within industry or as components for other manufacturers' goods.

Siebe's output ranges from multi-million pound computerised process control systems, which manage petrochemical plants, to small, mass-produced components sold for less than £1 each.

Another factor is that more than 90 per cent of group sales are made outside the UK, with nearly half in the US.

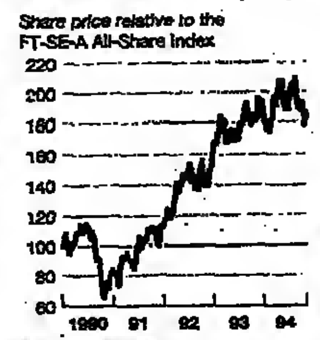
Mr Allen Yurko, the 43-year-old American who became chief executive in January, said North American operations alone would currently be number 233 in the Fortune 500 ranking of US companies.

The Windsor-based company has started to publicise its name and activities through a press advertising campaign in the UK and the US. British journalists recently toured group factories near Chicago and Boston.

The main exhibit was Foxboro, the company bought for $650m (£411m) in 1990 which is now the star of the controls division. Named after the small Massachusetts town close to Boston where it is based, Foxboro makes Intelligent Automation (I/A) systems, which have been gaining market share from larger US rivals in process control, such as Emerson Electric and Honeywell.

Foxboro has recently won a string of international orders, including an £11m contract to supply its I/A control system for a petrochemical complex in Germany – the first greenfield refinery to be built in Europe for 15 years.

Siebe



Source: FT Graphite

The main Foxboro plant is controlled by one of its own I/A systems and is completely computerised – a paperless system monitors, stocks, workflow and product certification. Direct labour costs have been reduced to 1 per cent of sales, and sales per employee exceed $600,000. This compares with a group average of £62,200.

The acquisition of Foxboro has proved the deal of a lifetime for Mr Barrie Stephens, chairman. The 66-year-old Welshman joined the company 31 years ago and until the beginning of this year combined the role of group chairman and chief executive

The City of London was initially hostile to the deal. It feared that Siebe, which had expanded aggressively during the eighties through a flood of rights issues, had over-reached itself by gearing up to take over a family-controlled company in the US – the graveyard of so many British companies.

What Mr Stephens realised was that Foxboro had developed a good product – its I/A system – but was struggling under a bloated cost structure. Siebe, which has always had an aggressive record of cutting costs, found plenty of scope in an operation which employed 180 people in its public relations department – a function now fulfilled by three.

Allen Yurko: Foxboro was 'profit waiting to happen'

Mr Yurko, part of the acquisition team who looked over Foxboro said it was "a profit waiting to happen. Management was so sleepy. Gross margins were running at over 45 per cent, but by the time you got down to the bottom line it was just breaking even."

With the help of Foxboro, Siebe's controls division achieved sales of £646m in the year to April – a 22 per cent rise and accounting for 35 per cent of group sales. In recent years it has cut sales order lead times from several months to several weeks and improved production quality tenfold.

Although investment analysts and journalists are intrigued by what Mr Yurko calls "the sizzle" of the Foxboro operation, the chief executive regrets that this focus tends to overshadow Siebe's other activities – particularly its temperature and appliance controls division, which contributes 38 per cent of group sales.

A more typical Siebe operation is the Paragon factory, which is situated north of Chicago on the western shore of Lake Michigan.

Paragon, which was acquired in 1989, is a leading supplier of refrigeration and other appliance controls. Although it is moving away from electro-mechanical components towards electronic systems, it still carries out a wide variety of operations in this plant, including old-fashioned metal-bashing and paint-spraying. Some of the oldest products still in production – such as mechanical timers – have changed little in 40 years.

It is, however, the trend towards electronic controls which offers the group its greatest sales opportunity – both in the US and overseas.

Paragon is a leading supplier of automatic defrost controls on fridges, which are nearly universal in the US but which feature in only 7 per cent of European fridges.

Siebe's centre of excellence in electronics is the Simicon plant located on the other side of Lake Michigan, near Grand Rapids.

Simicon, part of the Robertshaw controls company, is located in a purpose-built factory in which $7m has been invested. The plant makes electronic controls for a variety of domestic appliance – particularly cookers. The company has recently completed controls which allow McDonald's to programme its ovens by computer.

Each of these plants must, like all of its 133 manufacturing operations around the world, contribute to Siebe's ambitious growth and productivity plans. These include annual targets of a 5 per cent cost reduction, 10 per cent sales growth, 15 per cent increase in pre-tax profits and 20 per cent improvement in cashflow.

Mr Yurko said last week in Boston that he was still comfortable about achieving those targets. The recent concerns about pressures on manufacturers' profit margins had been overdone. He said: "We work in industries which are stable and well run, and which should enable us to make an adequate return on our capital."

Scottish Mortgage net asset value dips

By Bethan Hutton

Net asset value per share at Scottish Mortgage & Trust, managed by Baillie Gifford, fell by 3.8 per cent to 245.6p during the six months to September 30.

Over the same period, the FT-SE-A All-Share Index fell 3.3 per cent and the World Index fell 1.6 per cent. The March 31 net asset value was restated at 255.3p – 2.2p lower – in line with FRS 4.

Total assets grew from £1.04bn to £1.08bn, but borrowings also increased.

Earnings rose 13 per cent from 2.66p to 3p per share; the interim dividend is 1.4p, up 3.7 per cent from the previous year. The board said the full-year dividend was likely to be "modestly up in real terms".

The trust invests internationally, with a UK bias, and remains overweight in continental Europe and the smaller Pacific markets compared with the US and Japan. Its gilt portfolio has been increased from £57m to £126m.

Medeva wins patent case against Biogen

By Tim Burt

Medeva, the pharmaceutical company, yesterday scored an important legal victory against Biogen, its US rival, over the right to develop a hepatitis B vaccine in Britain.

Its shares climbed 9p to 174p after the Court of Appeal in London overturned an earlier High Court ruling that Medeva had infringed Biogen's patents.

The move, enabling the company to develop and manufacture the treatment in the UK – a market worth an estimated £12m a year – could prompt challenges against Biogen in other in European countries.

Welcoming the court decision, Mr Bill Bogie, Medeva chief executive, said: "They not only threw out the previous ruling but decided the Biogen patent was invalid. That opens a number of commercial and legal opportunities for us."

A bid by Medeva to develop and sell its vaccine in markets such as Germany and France, however, could prove difficult following a European Patent Office's decision in July to uphold Biogen's hepatitis B patent.

That meant Medeva had to persuade the courts to revoke the patent in each market where it wanted a presence.

Yesterday's court ruling signalled Medeva's first successful challenge against Biogen.

"It's very exciting," said Mr Bogie. "It allows us to develop the vaccine here in the UK and export it to markets where Biogen's patent does not apply, such as the Far East."

Such opportunities could give Medeva a sizeable share of a market with an estimated global value of £500m a year.

Biogen, meanwhile, said it was considering its options and did not rule out taking the legal action further.

"This is of no material financial impact," said Ms Amy Hedison, head of investor relations at Biogen. "But we will vigorously defend our patent in any country where Medeva challenges it."

APV issues statement to stabilise shares

By Andrew Baxter

APV, the producer of food manufacturing equipment, responded yesterday to the recent volatility in its share price by reiterating that a restructuring of the group was being planned.

In an unusual move, APV issued a short statement that gave no new information about the company or its financial position. "It is just intended to pacify the market and calm things down," APV said.

The company had said last month, when it announced interim results, that an unspecified charge would be taken in the second half to cover further restructuring in its liquid foods division.

The planned restructuring – for which analysts' estimates range from £10m to £40m – has heightened City nervousness about APV and turnover in its shares has been heavy.

The shares closed 2p lower yesterday at 61½p, equalling their low point for the year.

They were 118½p before the interim results statement when the company also announced it was halving its interim dividend and facing increasing pressure on profit margins.

On Monday the company had to deny a weekend report that it was in danger of breaching banking covenants. It then said that, on current projections, it expected to stay within its covenants, but declined to detail what they were.

APV has committed itself to announcing details of the restructuring by the end of December. Yesterday it would say only that, when the scope and size of the restructuring was known and approved by the board, full details would be announced to the Stock Exchange.

Last week, the company ousted Mr Clive Strowger, its chief executive, following pressure from institutional shareholders. Mr Neil French, finance director, is acting as chief executive.

NEWS DIGEST

Broadcastle hit by exceptional

Broadcastle, the USM-quoted financial services group, reported a fall in pre-tax profits from £224,000 to £121,000 for the six months to end-June.

The decline, the company said, was the result of reduced interest receivable and an exceptional charge of £152,000 related to its discontinued recruitment business. At the operating level profits were up 22 per cent from £224,000 to £273,000.

Earnings came out at 0.29p (1.22p) per share; the interim dividend is doubled to 0.5p.

The company also announced proposals to raise some £1.9m before expenses via a placing and open offer of 7.97m new shares at 24p on a 1-for-4 basis, and a further £2m by way of a preference issue of 2m shares at £1 apiece.

Broadcastle intends to apply to move to a full listing.

Clyde Petroleum

Clyde Petroleum, in conjunction with Dyas, is to acquire Netherlands offshore production and exploration interests from Mobil Producing Netherlands. The net cost to Clyde for its share will be about $10m (£6.1m) and will be funded from existing resources.

The acquisition consists of producing interests in blocks P/6 and P/12, and exploration interests in blocks P/4, P/8a and P/9a, b and c. Clyde will take over Mobil's operatorship of these licences.

Archer

Archer announced yesterday that its planned acquisition of Cox Group, a rival agency in the London insurance market, had been delayed.

Archer said in July that it would finance the deal, which it expected conclude this month, by issuing approximately 1.8m new shares to Cox shareholders. But yesterday it said the process of due diligence had taken longer than expected and that changes in Lloyd's rules on corporate capital had proved an added distraction.

Mr Bryan Kellett, chairman, said: "We are still hopeful that the various matters which have caused the delay can be resolved and an agreement concluded over the coming months."

London & Metro

Reduced pre-tax losses of £2.14m against £3.45m were announced by London & Metropolitan, the property group, for the half year to June 30.

The outcome was helped by a fall in interests costs from £3m to £1m as a result of last year's restructuring. The UK side had performed well but progress had been hindered by the net running costs of the Pont Royal golf resort in the south of France.

Turnover of continuing operations dropped to £1.63m against a restated £10.3m. Losses per share were cut to 4.7p (5.6p).

Fleming Japanese

Net asset value at Fleming Japanese Investment Trust rose to 260.7p fully diluted at the end of the year to September 30, against 245.1p.

Mr Patrick Gifford, chairman, said the trust had achieved "a significant outperformance" of the Japanese stock market.

Net revenue fell to £53,000 (£544,000) and earnings per share were 0.02p (0.46p).

No dividend is declared (0.45p).

Shiloh

Shiloh, the textile spining, healthcare, protective clothing and packaging group, lifted pre-tax profits by 27 per cent in the half year to October 1.

The advance, from £490,081 to £622,355, was despite a £205,000 loss on the packaging side.

Mr Edmund Gartside, chairman, said the group was urgently addressing the loss on packaging and was planning to withdraw from the least profitable markets, for which some provision might have to be made at the year-end.

In addition, an exceptional provision of up to £392,000 might have to be made in regarding the deferred consideration on the land sale made in October 1990.

Turnover improved by 9 per cent to £14.6m (£13.4m).

Earnings per share emerged at 7.14p (5.75p) and the interim dividend is held at 1p.

I&S UK Smaller

Net asset value at I&S UK Smaller Companies Trust edged ahead from 116.26p to 120.11p over the six months to September 30.

The modest rise of 3.3 per cent, however, compared with a decline of 5.4 per cent in the FT-SE SmallCap (excluding investment trusts).

The trust had gearing of just under 24 per cent at the period end, having drawn down borrowings of £8m in August at a fixed rate of 9.22 per cent for five years.

Earnings per share dipped to 1.58p (1.76p) but the interim dividend is maintained at 1p.

Domino Printing

Domino Printing Sciences, the ink-jet printer manufacturer, is broadening its technology base with two acquisitions in the US.

The Cambridge-based group is paying $2.4m (£1.51m) cash for Digi-Gear Systems, a private Illinois company supplying control systems. Its book value is anticipated to be no more than $250,000.

In 1993 it achieved pre-tax profits of $100,000 on sales of $1.2m; sales and profits for 1994 were at higher levels, Domino said yesterday.

Domino is also paying an initial $2.84m cash for certain assets of Control Print, a trading division of Avery Dennison, which makes ink-jet coding and marking systems. Book value amounts to $1m; it made an operating profit of $651,000 in 1993 on sales of $9.1m.

Fleming Continental

Fleming Continental European Investment Trust had a net asset value per share of 324.1p at the half-year ended September 30, up from 321.8p 12 months previously.

The trust, which aims at capital growth through a continental European portfolio, reported a 9 per cent increase in net revenue from £1.76m to £1.93m, for earnings of 2.93p (2.67p) per share.

Flying Flowers

Flying Flowers' pre-tax profits for the third quarter more than tripled from £83,000 to £267,000. Turnover showed a similar increase at £3.03m, up from £1.02m.

In the 39 weeks to end-September, pre-tax profits at the Jersey-based postal flower service more than doubled to £856,000 (£395,000) on turnover of £9.28m (£4.02m).

Cumulative earnings per share came out at 3.47p (1.91p).

Computer People

Computer People has received valid acceptances in respect of 1.95m (85.6 per cent) of the 2.28m new ordinary shares available under its open offer, excluding 793,188 which were placed firm.

The money is being raised to provide funds for the proposed purchase of VNG, the computing services and consultancy company.

At an extraordinary meeting today shareholder approval will be sought for the proposed acquisition and to authorise the increase in the share capital.

It is expected that completion of the acquisition will take place on Monday.

Inchcape Estates

Inchcape Estates, formerly Tozer Kemsley & Millbourn (Estates), the property arm of Tozer Kemsley & Millbourn (Holdings), the motor distributor acquired by Inchcape at end-1991, reported a pre-tax loss of £6.26m for the first half of 1994 against profits of £1.84m.

The result, on turnover of £2.78m (£3.39m), was after a loss of £354,000 (£25,000) on the sale of properties and an exceptional £6.4m provision against a property sold after the period-end. Losses per share were 78.1p (10.8p earnings).

McInerney

A strong performance on the Irish housebuilding side helped McInerney Properties cut first-half losses from I£1.77m to I£465,000 (£459,486) pre-tax, and the directors expect to announce a return to the black at the year-end.

The Dublin-listed housebuilder and property developer reported group turnover 19 per cent ahead at I£15.3m (I£12.9m) for the six months to June 30, with a trading profit of I£143,000, compared with a I£998,000 loss. Losses per share were reduced to 0.7p (2.9p).

Fleming European

Fleming European Fledgeling Investment Trust reported a net asset value of 102.2p per share at September 30, up from 88.3p a year earlier.

Attributable revenue for the six month period improved to £373,000 (£240,000) for earnings of 0.93p (0.6p) per share.

L'don, St Lawrence

The enlarged London & St Lawrence Investment increased net asset value per share to 180.4p at the end of the year to August 31, against 175.32p.

Last November the company merged with its associate, Practical Investment.

Net revenue came to £2.63m (£836,602). Earnings per share were 5.86p (4.39p).

The company previously announced a second interim dividend of 3.12p, to make a total of 6.24p for the year.

Majedie Inv

Majedie Investments had a net asset value per share of 227p at the end of the year to September 30, a 3 per cent increase from 221p last time. The FT-SE-A All-Share Index rose 0.3 per cent over the period.

Net revenue edged ahead from £2.81m to £2.96m. Earnings per share were up at 5.84p (5.35p) and a final dividend of 3.25p is proposed, bringing the total for the year to 5.25p (5p).

RECRUITMENT

JOBS: Fast-track development programmes for high-flyers may need some rethinking

Hothouse treatment or a spell in overalls

Are managements doing enough to identify and develop the people who may end np leading their organisations? A new study suggests that fast-track programmes for high-flyers could benefit from a little more thought.

What GHN, the career management consultant, calls a future top manager appears from the research to be typically something of an idealistic beast who, rsther than needing bot house treatment, would benefit far more from a bit of corporate "national service" in overalls on the production line.

The report compared the views of 204 personnel directors and managers with those of 103 men and women, aged between 27 and 35, identified by management or their peers as high-flyers. All worked in companies with annual turnovers of more than £80m.

The report concluded that high-flyers needed to be brought down to earth. They understood little of what was needed of them and their self-image differed markedly from how they were perceived by personnel directors.

Botb groups agreed that three important qualities for potential top managers were leadership, communications skills and strategic thinking. However, the personnel directors rated several other skills or qualities as equally important such as intelligence, entrepreneurial ability and presentational skills. The high-flyers did not mark these highly.

The groups disagreed widely over how much help or guidance the high-flyers needed, particularly in interpersonal skills. More than two-thirds of the personnel directors said that young managers needed to develop their skills in managing teams or subordinates, interpersonal relationships, communication and achieving flexibility in management style.

In contrast, less than half of the future top managers said they needed help in managing people and the proportions admitting they needed guidance in developing other skills were lower still – fewer than a third were worried about communication and only a fifth thought they needed to develop more flexible management styles or interpersonal relationships.

The high-flyers appeared more motivated by pay than their personnel chiefs thought they should be, although both groups agreed that job satisfaction was important for retaining loyalty and maintaining performance. Another finding was that women appeared to be getting a raw deal. Those questioned were not getting the breadth of training opportunities given to their male counterparts.

One problem with the fast track or hothouse approach is thet inevitably some people will fall by the wayside. Equally there will be people in an organisation – the quiet workers who started as secretaries or clerical assistants on the assembly line – who are not identified in the selection process.

What then happens when the high-flyer gets to the top of the tree aged 39½? How long will he or she stay there and what will they do when they leave? GHN says the high-flyers should be shown how to take responsibility for their own careers and to protect their future employment prospects.

Rover, the car maker, seems to have understood the danger of promoting ill-prepared managers. Each graduate must work for a time on the assembly line to help them understand the production process.

The GHN report concludes that development of high-flyers needs greater preparation and scope. "MBAs and traditional training techniques have their place, but they only represent one aspect of a person's development," said Susan Bloch, a GHN consultant.

"Much greater emphasis is needed on broader management skills, including communications and interpersonal relationships which the survey asserts are positively received when delivered through coaching and mentoring."

A copy of the full report is available from GHN, price £30 plus VAT. Tel. 071 493 5239.

● Employment Conditions Abroad, the trade association which provides international pay and cost-of-living statistics to help its member companies fix local and expatriate pay packages in different parts of the world, has just published its annual executive pay comparison.

The graph on the right shows that, in terms of what a salary can buy, Hong Kong has leap-frogged Switzerland and Germany in the past year to head the league. The big movers have been Hong Kong and Singapore, reflecting executive pay awards in both countries which have moved upwards well ahead of inflation rates.

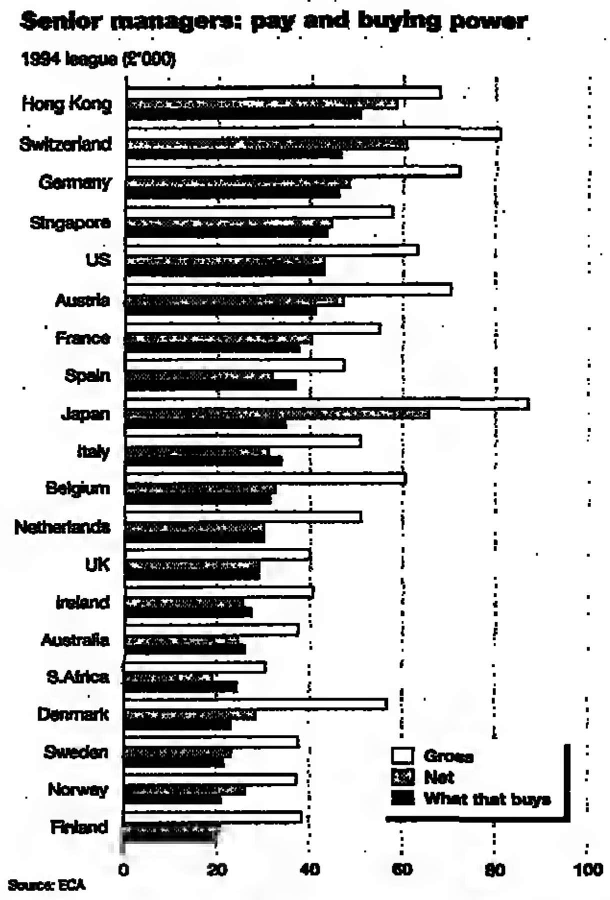
Hong Kong companies are finding they have to pay high salaries to retain their best managers who may be tempted to leave for countries such as Canada to try to obtain a second passport. High pay is also needed to lure back those who have already acquired dual citizenship.

Singapore's pay rates have been reeponding to tbe knock-on effect of companies seeking to expand their operations in response to pressures in Hong Kong.

As well as earning high gross salaries, Hong Kong executives also have the benefits of a marginal tax rate of 15 per cent.

For more information on the comparison contact Neo Pedrithes at ECA tel 071 351 7151.

Richard Donkin



M&A/CORPORATE FINANCE

ARC Associates is a growing investment banking and corporate advisory boutique, specialising in the information technology, telecommunications and software industries. The Group undertakes a range of activities in the M&A, principal investment and corporate finance areas, differentiating itself through its sectoral approach and through its unique marriage of capabilities in investment banking and corporate strategy.

Due to its continued growth, ARC Associates is now seeking to strengthen its junior-level professional staff, and applicadons are invited from candidates with at least one year of experience in a major merchant bank, investment bank or strategy consulting firm. Graduates who have completed a training programme with a respected investment bank are particularly encouraged to apply.

Working in a smaller company environment requires successful individuals to assume a broader set of responsibilities and to progress faster than in a major firm. We are consequently looking for consistently high achievers in their early to mid-twenties, with outstanding academic and professional records. Experience in any high technology field would be advantageous, and a second European language, although not essential, would be preferred. For the right candidates, ARC Associates offers a highly competitive remuneration package, with excellent career prospects.

Those interested are asked to write, enclosing a full CV, to Will Iselin, ARC Associates, 26 Finsbury Square, London, EC2A 1DS.

ARC

ARC ASSOCIATES

Investment Banking and Advisory Services to the Information Technology, Telecommunications and Software Industries

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on +44 71 873 4054

Philip Wrigley on +44 71 873 3351

Joanne Gerrard on 071 873 4153

PROJECT FINANCE SPECIALIST-UTILITIES SECTOR

N M Rothschild & Sons Limited is a leading merchant bank with an enviable reputation for the quality of its project finance services, and is currently advising a large number of prestigious international clients undertaking high-profile transactions in the utilities sector. To help meet the growing workload, an executive with proven project finance advisory experience is sought to join the Utilities team within the bank's Corporate Finance division. This specialist team advises private-sector and government clients on project finance, BOO/BOT procurement, privatisations, restructurings, acquisitions and related issues across the power, telecomms, gas and water industries.

Candidates should have a minimum of four years' project finance experience, gained in a lending or project-advisory capacity. Project experience in the electricity sector would be particularly useful; exposure to other utility industries and infrastructure projects would also be advantageous. A willingness to travel extensively is essential.

The competitive remuneration package is designed to attract candidates of the highest calibre for this important position.

Please send your full curriculum vitae, in the strictest confidence, to Rodney Lonsdale, Director of Personnel, N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

N M ROTHSCHILD & SONS LIMITED

CORPORATE AFFAIRS MANAGER

£40,000 + PACKAGE **CENTRAL LONDON**

A KEY COMMUNICATIONS ROLE

3i is the leading specialist provider of investment capital to unquoted businesses in the UK. We provide funds to help small and medium sized businesses in all sectors of the economy, encouraging wealth creation and business growth. We have recently achieved a listing on the London Stock Exchange and become a member of the FT-SE 100.

The relationship we have with our investors is very important. We now seek a motivated Manager who will support the development of good relations between 3i and its shareholders, the financial press and analysts - through analysis, interpretation and presentation of information on the company's strategy, policy and performance. This will involve project management of the Annual Report and Accounts, the Interim Report and other presentation material as well as involvement in other ad hoc projects in 3i's Marketing and Corporate Affairs team.

Educated to degree level and preferably MBA or ACA qualified, you will have a background in accounting and/or marketing, plus experience of dealing with City institutions and analysts - possibly in the corporate affairs or communications team of a blue-chip company. The role involves considerable liaison with 3i's brokers, public relations advisers and merchant bank - outstanding verbal and written communication skills are an essential attribute. You will be able to establish your credibility quickly, aided by your commercial acumen and ability to understand figures and data.

This key role will attract a highly competitive salary as well as a comprehensive range of financial sector benefits.

To apply, please send full career details to *Charles Richardson, Director Corporate Affairs,* 3i Group plc, 91 Waterloo Road, London SE1 8XP.

3i

INVESTORS IN INDUSTRY

Investment Opportunities at Standard Life

Edinburgh

Leading the way in the highly competitive financial services market, and with assets in excess of £37 billion, Standard Life's investment products are still growing at an enviable rate. Successful investment management plays a major part in driving us forward, which is why we're now expanding our team in order to exploit new investment opportunities. For decisive, self-motivated investment professionals who find the prospect of influencing a major company an exciting one, we offer outstanding career opportunities.

As part of either our Pacific or UK Equities teams, you will be responsible for gathering and analysing information on specific countries, sectors and companies which will enable you to make key decisions on sector and stock investments. You will also use your communication and analytical skills to the full as you meet regularly with companies and stock brokers and carry out independent research.

PACIFIC EQUITIES (Excluding Japan)

You should have 4-5 years' experience of stock analysis or portfolio management in the Pacific markets. Highly innovative, you should be able to demonstrate a track record of producing excellent investment performance.
Please quote ref: 1138/FT

UK EQUITIES

For a highly numerate individual with at least 18 months' UK Equity experience, this key role in sector and stock analysis offers the scope to progress to portfolio management responsibilities. Educated to degree level, you should ideally be studying towards or have gained an IIMR qualification.
Please quote ref: 1139/FT

We'll reward your commitment with a competitive salary and a generous range of benefits including house purchase loan scheme, non-contributory pension and private medical cover.

Please write with full cv, including your career achievement and details of your current salary, quoting the appropriate reference number, to Kenneth Notman, Recruitment Officer, Standard Life Assurance Company, 40-42 George Street, Edinburgh EH2 2LE.

Closing date for receipt of applications is 28 October 1994.

INVESTOR IN PEOPLE

STANDARD LIFE

MTV EUROPE

OPPORTUNITIES WITHIN NEW BUSINESS DEVELOPMENT

Established in 1987, MTV Europe has become the fastest growing cable and satellite channel in Europe and a pioneer of creativity in youth programming. MTV Europe is received in over 61 million homes in 34 countries, 24 hours a day.

The channel now seeks to strengthen its market position with the appointment of the following two positions.

Manager, New Business Development

Based in London **Salary negotiable**

Reporting to the Director of Business Development, Planning and Research, this challenging role will focus on evaluating and developing new business opportunities in Europe in order to generate new revenue sources. It will involve working closely with other senior managers to devise future business plans and determine the strategic implications of these ideas.

Suitable candidates will be educated to degree level and should ideally possess an MBA. Experience in strategic planning and new business/product development along with the ability to develop complex financial models is essential, as is the requirement to manage and develop a team. Proficiency in German and at least one other European language is also desirable.

Business Analyst

Based in London **Salary negotiable**

Reporting to the Manager, New Business Development, this position will research and carry out financial analysis of new business opportunities in order to draw up business plans and presentations.

Candidates should have a minimum of two years experience in management consulting or investment banking and familiarity with the television industry would be an advantage. Basic accounting knowledge and the ability to build financial models is essential along with the requirement to work under pressure and to tight deadlines. Proficiency in two European languages would be desirable.

In return we offer an interesting and challenging roles within a young, lively and international team.

Please send your application in writing enclosing a comprehensive CV and stating your current salary to:

**Mark Allen,
Deputy Director of Human Resources,
MTV Europe,
Hawley Crescent, London NW1 8TT.**

MUSIC TELEVISION

Providence Capitol

Providence Capitol Portfolio Managers Limited is one of the fastest growing asset management companies in the UK, backed by the South Africa Mutual Life Assurance Society Limited ("Old Mutual"). We manage £1.5 billion of assets in a variety of equity, bond, deposit, property, managed and hedge funds.

ASSISTANT FIXED INTEREST MANAGER

In addition to money market exposure, PCPM manages bond investments in excess of £500m in value, including UK gilts and non gilts, International and emerging bond portfolio. We now wish to recruit a high calibre Assistant to the Head of Fixed Interest in order to improve our depth of coverage in these markets.

It is unlikely that a candidate without 5 years relevant experience would be able to make the significant contribution required. Expertise in non-gilts and the money markets would be particularly useful although it is envisaged that the successful applicant will become involved in all areas of bond investment.

This is a challenging opportunity to join a highly successful and stable team of investment professionals operating in a culture which supports individual achievement. We offer a competitive total remuneration package including a significant performance bonus element.

If this sounds like the opportunity for you please write, including a full CV, to

Bob Attridge, Head of Fixed Interest
Providence Capitol Portfolio Managers Limited,
Providence House, 2 Bartley Way, Hook,
Basingstoke, Hampshire, RG27 9XA.

PROVIDENCE CAPITOL

INVESTMENT TRUSTS ANALYST/FUND MANAGER

LONDON **EXCELLENT PACKAGE**

Our client is e rapidly expanding investment management division of a leading private client stockbroker. Due to continued growth they require an additional Investment Trust specialist to assume a key role within the division.

The role will involve detailed analysis of Investment Trusts with responsibility for managing substantial funds invested in the sector. This will include building contacts with Investment Trust managers to ascertain their investment strategies, identifying investment opportunities and contributing to the further growth of the division.

The successful candidate will be well qualified with a good understanding of the Investment Trust area and a minimum of 3 year's related experience. This mey heve been gained through Investment Trust research or sales or within a fund management environment. Strong interpersonal skills and the ability to communicate effectively both in writing and through personal presentation are essential.

For an initial discussion in confidence please contact Stephens Selection quoting reference 4890 at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307 or Fax 071-489 1130.

STEPHENS
SELECTION

A STEPHENS GROUP CONSULTANCY
London Edinburgh New York Hong Kong Tokyo

MARKETING/ INVESTOR RELATIONS

An executive is required for Schroders International Property Fund N.V., a European property investment company listed on the Amsterdam Stock Exchange. The company is associated with Schroders plc, the leading international merchant banking group.

Applicants, preferably 28 - 35 years old, must be fluent in English and one other major European language. Experience in the marketing of financial products to institutional investors is essential, as are excellent oral and written communication skills.

Location - Amsterdam or London.

Please apply in writing with CV to:
Schroders International Property Fund N.V.
Postbus 15542
1001 NA Amsterdam
The Netherlands

Schroders International Property Fund N.V.

L.C.F Edmond de Rothschild Securities Ltd

EQUITY MARKET MAKER

LCF Edmond de Rothschild Securities Ltd, a leading specialist in emerging market country funds, is looking for another market-maker. The successful candidate will be expected to have at least two years experience although these need not have been in emerging markets. He/she will need to be SEAQ and SFA registered and have experience of dealing with institutional client orders.

Applicants should send their C.V.'s with a covering letter to Peter Regan, LCF Edmond de Rothschild Securities Limited, Orion House, 5 Upper St. Martin's Lane, London WC2H 9EA.

All enquiries will be treated in the strictest confidence.

Experienced International Lawyer

Intel's Legal Department, based in Swindon, Wiltshire, England provides legal expertise and counsel for Intel's activity across a diverse European geography including Israel and Eastern Europe.

The requirement is for an individual with 3 to 5 years' experience in an international business environment either as an in-house lawyer or in a legal practice; to provide timely legal support to Intel's operating groups and business spanning manufacturing, sales, marketing and product development.

Specific experience is required in the area of contract, intellectual property, commercial, competition and EC law.

Frequent contact with senior management, direct sales force and customers require a good business understanding, negotiation and communication skills.

Fluency in English is essential, another European language would be desirable.

Send a full CV, including details of current remuneration to: Ray Withey, Human Resources, Intel Corporation UK Ltd, Pipers Way, Swindon, Wiltshire SN3 1RJ. Phone: +44 793 696632. Fax: +44 793 612852.

intel.

UK CORPORATE BANKERS

EMERGING MARKETS FOCUS

LONDON — **COMPETITIVE PACKAGE**

- Leading UK-based international bank offering a broad range of banking products and services through a well-established global network. Marketing strategy focused on key UK-based multinationals with substantial cross-border trade and investment flows, especially in emerging markets.
- As a result of *increasing* levels *in business* activity, a number of corporate relationship professionals are now needed to focus on a select group of top multinationals.
- You will have responsibility for marketing to existing clients as well as developing new business opportunities within well-defined industry sectors.
- Experienced relationship officer from a first class financial institution. Broad product knowledge and strong credit skills. Record of developing business, ideally with UK multinationals, with proven ability to negotiate and close transactions. Alternatively, individuals with a strong corporate finance background will also be considered.
- *Likely late* 20s to mid 30s. Highly motivated and results-orientated. Ability and stature to operate at the most senior levels, both internally and externally.
- Extensive opportunities for foreign travel and possibilities to be based abroad in the future. Career prospects within the Bank are excellent.

Please apply in writing quoting reference 811 with full career and salary details to:
Mark Woodhouse
Whitehead Selection Limited
43 Welbeck Street, London W1M 7HF
Tel: 071 637 8736

Whitehead SELECTION
A Whitehead Mann Group PLC company

The Top Opportunities Section

Advertise your senior management positions to Europe's business readership. For information please contact:

Philip Wrigley
+44 71 873 3351

Dealer - International Equities

Excellent Salary + Benefits + Bonus

We represent a major UK Investment Management House who have an outstanding track record in fund performance. Working with a very active group of professionals, you will be responsible for dealing in the international equity markets within a centralised dealing environment.

The candidate will be in their late 20's to early 30's with 3-5 years relevant experience.

This is an excellent opportunity to join one of the fastest growing and most progressive Investment Houses in Fund Management.

For a confidential discussion please contact Patrick Morrissey. Telephone: 071-236 2400, Fax: 071-236 0316 or apply in writing to Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

SHEFFIELD-HAWORTH
Consultants in Search and Selection

Lloyds Bank Stockbrokers

Investment Advisors
Private Clients

City Based : Competitive salary plus attractive benefits

On the 31st January this year, Lloyds Bank Stockbrokers Limited successfully launched the Sharedeal Direct Service. This offers clients an efficient and competent Dealing Service, a Helpline for any associated problems and Investment Advice.

We are now recruiting additional members for the Investment Advice Department to join a small team which, nevertheless, has considerable responsibilities in looking after the large and growing number of Sharedeal Direct clients.

The ideal candidates will have the following qualifications:

- Membership of the Securities Institute.
- *Educated to a high standard, a degree would be* preferred.
- A minimum of three years' experience dealing with Private Clients in a Stockbroking or similar Financial Institution and as a consequence, having a wide range of investment knowledge.
- Outgoing personality with the ability to communicate articulately and clearly on the telephone, and in writing, and to generate new ideas.
- Age 25 *to* 35 years
- A working knowledge of computer applications including wordprocessing.

These positions will be particularly attractive to motivated individuals who wish to pursue their career with a highly regarded, successful institution. We offer a competitive remuneration package with bonus and banking benefits.

Applicants should write, in confidence, enclosing their full curriculum vitae and current remuneration *to* Miss Joanne Philip, Personnel Manager, LMB Services Limited, 48 Chiswell Street, London, EC1Y 4XX.

Italian Analysts, Equity Division

Attractive Package — City

UBS, part of the AAA-rated Union Bank of Switzerland, is one of the City's leading investment banks. Our Equities Division is renowned for the quality and breadth of its research.

We now have vacancies for two analysts to work within our expanding Italian team. This is an exciting opportunity, offering you the chance to take part in establishing our Italian market strategy, to co-ordinate the efforts of our sector strategists, to analyse a broad selection of Italian companies and to support our successful Corporate Finance Team.

Your background will be in equities analysis and research. Knowledge of the Italian market would be an advantage. You will also have excellent communication skills and a career of proven ability. Fluency in English is essential and a working knowledge of Italian would be an asset.

In return for your experience and enthusiasm, we offer you a varied, challenging career in a dynamic environment with a competitive remuneration package.

Please send full career details to:

Melanie Olrik
Personnel Department
UBS Limited
100 Liverpool Street
London EC2M 2RH

UBS Limited

WOULD YOU LIKE TO DEAL WITH THE WORLD?

Imagine what it would be like if you were given the chance to work for a company that is a world player in electronic technologies, components and products and has an annual turnover of over 30 billion US dollars.

Within Philips Finance in Eindhoven, the Cash and Foreign Exchange Management group, as part of the Treasury Department, is responsible for hedging, short-term financing activities and cash management for the various Business Units all over Europe. As such, the group is an important player in the international financial markets. Daily challenges include minimizing the group's financial risk while taking advantage of market opportunities.

To optimize performance in this exhilarating, international environment, the group is actively seeking a highly qualified teamworker to join as

JUNIOR DEALER

Your function
As part of the team effort to raise the financial awareness of the entire Philips organization, you will primarily deal with and advise the treasurers of the various International Product Divisions and Business Units. After having gained appropriate experience, you will also be entrusted part of the Forex or short-term interest rate management.

Your profile
You have a relevant university degree and three years' dealing experience in a bank or a large corporation. You have worked with a range of products, including FX spot and forward, FX options, money market instruments, IRS and interest rate options. You are familiar with spreadsheets. You are fluent in English and at least one other European language. Above all, you are a self-motivated team player with a vivid interest in market developments.

Your application
If you think your profile matches the demands of this position, please submit your written application within two weeks to:

Mr. G.M.J. Smeding, Human Resources Department, Building VO-p, P.O. Box 218, 5600 MD Eindhoven, The Netherlands.

PHILIPS

CJA

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Challenging position in a cosmopolitan Middle East location

CJA
MIDDLE EAST

OPERATIONS ADVISER TO CHIEF EXECUTIVE

£100,000-£150,000 TAX FREE

IMPORTANT LOCAL COMMERCIAL BANK

Our client has appointed a new Western Chief Executive Officer to lead a major reorganisation of the Bank and the Operations Adviser is the first of a number of key senior management appointments from outside the territory. *The successful applicant will review and recommend improvements to the operational procedures in all* areas of the business and between branches and Head Office, advise on major changes in the structure of the organisation and the redesign of systems and work as the right hand to the CEO in implementing these changes. We invite applications from candidates with broad operations management and modern systems experience gained in an overseas bank using British banking systems. Experience of working in a foreign environment is essential and candidates must be professionally and personally self-sufficient. A two year contract is negotiable, including a salary of £100,000-£150,000 paid free of local taxes, bonus and generous expatriate package. **Applications in strict confidence quoting reference OACE4997/FT to the Managing Director, CJA.**

CLIENT RELATIONS & BUSINESS DEVELOPMENT

Attractive salary + banking benefits · London

The Royal Bank of Scotland is undergoing a period of dramatic and exciting change, re-evaluating and enhancing all areas of the business in a drive to become the best performing financial services group in the UK.

A major growth area is the Securities Services Division, which operates in a highly competitive marketplace and has become the UK's No. 1 in Unit Trusts, No. 2 in Registrars and, according to Global Custodian magazine, the top rated UK bank in the Custody field for the third year running. With business levels continuing to grow and a major investment programme underway, including new technology and a recent substantial acquisition, the time has come to strengthen the team through two key appointments.

SECURITIES SERVICES

CLIENT RELATIONSHIP MANAGER

You will be responsible for co-ordinating all of our dealings for a group of clients with a portfolio value ranging from £50 m to £10 bn. As well as developing strong customer relationships through analysing and meeting their needs, *you will identify and develop new business opportunities* through the provision of additional services.

This is a pro-active role calling for a strong negotiator with good organising ability and excellent interpersonal skills enabling you to communicate effectively at all levels. A knowledge of specific business, which could include pension funds, investment and unit trusts, fund managers and overseas banks, will help you relate to the requirements of the clients.

BUSINESS DEVELOPMENT MANAGER

You will help develop our market share of quality clients in the Global Custody/Trustee field and identify cross-selling opportunities for other areas of the Bank. Working within the agreed sales plan you will identify appropriate target organisations and their key influencers and decision-makers. In addition you will negotiate terms, arrange presentations and ensure clients receive appropriate training on in-house systems.

A confident communicator both verbally and in writing, you must be able to demonstrate in-depth experience in the financial sector involving at least two of the following areas: domestic banking, stockbroking, custody, trustee administration and registration.

For either position you must have at least five years' senior level experience in a Custody environment, whilst experience in a related area such as Trustee/Registrars would be an advantage.

Initially these positions will be based in Islington but will be moving to the Bank's new Corporate Headquarters in Holborn later this year.

To apply, please write with full CV to Fiona Coles, Personnel Department, The Royal Bank of Scotland plc, Regent's House, 42 Islington High Street, London N1 8XL.
Fax: 071-837 6221.

The Royal Bank of Scotland
WHERE PEOPLE MATTER
Committed to Equal Opportunities

CHEVIOT
CAPITAL LIMITED

Member of the Securities and Futures Authority and the London Stock Exchange

An opportunity has arisen for an individual to join a small City based stockbroking business which is now seeking to expand. The company offers a professional investment approach with availability of extensive research material. A fully computerised back office supports our own settlement nominee and cash management facilities.

The right candidate will be someone with an established client base who enjoys working alongside an existing team and who would be prepared to contribute to the future development of the organisation.

A flexible remuneration package will be offered with the possibility of future equity participation.

Applications including full CV and present remuneration details to be addressed to Michael Snyder, Cheviot Capital Ltd, Devonshire House, 146 Bishopsgate, London EC2M 4JX.

APPOINTMENTS WANTED

BUSINESSMAN
Professional • Diligent • Adaptable
International Connections
Prepared to assist Managing Director(s) anticipating retirement or semi-retirement.
Box: A2183 Financial Times
One Southwark Bridge,
London, SE1 9HL.

CHARTERED ACCOUNTANT/ COMPLIANCE /FINANCIAL SPECIALIST
Long experience London and international capital markets with professional and investment banking houses and regulatory body, speaking *French, Italian, German*, excellent contacts. Available for assistance with regulatory problems or financial investigation work.
Phone/fax 44 (0) 171 435 4318

A sector in turmoil needs a guiding hand

A recent study into UK accounting practice has mixed feelings about the ASB. Jim Kelly reports

The publication today of Ernst and Young's massive inquiry into the state of British accounting marks the fourth edition of what is arguably the most comprehensive review of its kind.

At 1,610 pages the book *UK GAAP: Generally Accepted Accounting Practice in the UK*, does more than justice to the 500 large companies which provide the raw material in the form of their published accounts.

Originally designed to satisfy the in-house accountants at Ernst and Young wanting to know the realities of applying standards and rules to company accounts, it now has a wider audience.

With a sales target of 10,000 – compared to 8,000 in 1992 – it will this year be taken to the university-student market. It is a standard reference work – but it is also more than that, and therein lies its power.

The detailed study of accounting practice on which it is based gives the authors a unique insight into what worries, confuses, or angers Britain's leading financial directors and their teams.

The verdict of tha authors is stark: "In spite of the best efforts of the Accounting Standards Board, financial reporting in the UK remains in a state of some turmoil."

According to the authors, wrangles ovar issues such as goodwill and brands reflect a conflict of interests between preparers and users of accounts.

"If the ASB is not able to find acceptable solutions to these issues, the possibility remains that the regulation of financial reporting will be taken out of the hands of accountants and placed with a body less sympathetic to the interests of the accountancy profession," they warn.

The book hardly promotes harmony by then attacking the ASB: its new standards are too complex to absorb, or too hastily drafted and over-simplified. A gap looms between theory and practice – particularly for small companies.

While the picture in terms of regulation seems dire, the authors find – oddly – that the accounts of large companies have hardly been better. Not only are statistical cores of financial statements improving, but so are their accompanying narrative aections.

This state of affairs is put down to the ASB's development of the operating and financial review (OFR). The Cadbury Committee on Corporate Governance adopted the OFR as a forward-looking assessment of a company's health.

It should contain analytical discussion and a review of trends, and be clear, succinct and understandable to the "general reader". It was published by the ASB as a statement of best practice in July 1993.

UK GAAP also considers the quest for a conceptual framework for financial reporting. Like the holy grail this is much sought after, particularly in the US, but rarely glimpsed. The authors think they have the measure of the ASB's own statement of principles – and they don't lika the look of it.

"What we see is an approach which is radically different from that applied by most companies at present: one which focuses attention on the balance sheet and measures performance hy the total movement in equity."

The authors of *UK GAAP* believe that the founding principle of UK financial reporting is historic cost accounting with current values supplied only as extra information. They envisage accounting centred on transactions in the past, not assets and liabilities on the balance sheet.

The authors believe the ASB does not realise how fundamental the difference is between the two approaches and it urges the board to stop now and reconsider. "There is no point in adopting a framework on the basis of its apparent theoretical appeal, only to find that it then results in accounting standards that no one wants."

The authors deserve some credit for not leaving the argument at that point. They acknowledge that the ASB has done some courageous and valuable work. While they disagree with its statement of principles, they suggest a hybrid set of the same should be produced, incorporating more than one eccounting model.

This plan has a certain elegance. Different sets of users would be provided with different accounts, tailored to their needs, certainly not containing less information but rather the right information in the right form. The data could be shown as "multi-column reporting" or "layered" accounts.

Among the hundreds of other issues tackled in the book is the so-called "big GAAP/little GAAP" – the debate over whether small companies should have fewer rules, no rules, or different rules to those of big companies. The authors show that efforts to set up two sets of standards, such as s Canadian attempt in British Columbia, contain "insurmountable difficulties."

At present the UK profession is awaiting publication of a special working-gronp report on the issue chaired hy Ken Wild of Touche Ross. All the indications are that it will propose a draconian cutting back of regulations governing "small" companies – those with an annual turnover of less than £2.8m.

The authors of *UK GAAP* think this is a mistake. They consider size an arbitrary criteria. Instead they see a division between large companies and owner-managed companies. After all, they argue, small companies are not just simpler versions of big companies. The users of their accounts have quite different needs to the average shareholder.

"Companies with a limited number of [management] members, all involved in the day-to-day operations, should be able to incorporate under e different and specially designed limited liability regime," says the book. The users of owner-managed company accounts are internal, bankers or the Inland Revenue. The accounts *should* be different to fulfil their needs.

UK GAAP also reviews the progress of the various accounting standards introduced in recent years. The story of FRS 3 is instructive and again illustrates the authors' uneasy admiration for the work of the ASB in contrast to their impatience at the shortcomings of aspects of the code it produces.

FRS 3 virtually abolished extraordinary items and brought all remaining such charges above the earnings line, as well as introducing naw disclosures. It changed the face of the profit and loss account.

Unfortunately it appears that some companies are over creative within the new framework. "It seems that the market is often too easily misled by some companies' innovative use of FRS 3's layered approach to the profit and loss account to divert attention away from the overall total result for which management is accountable."

The authors see this as part of a "jousting match" between the ASB, which wants the accounts to portray the overall picture, and parts of the financial community, particularly analysts, who still fall hungrily on a "magic number" in the accounts that they trust will reveal all.

Finally the authors see in FRS 3 the first "manifestation of the ASB's balance sheet approach to income recognition as outlined in the statement of principles." The standard, they say, focuses on changes in wealth rather than traditional historical cost accounting. They object to this concept being entrenched in UK practice without proper debate.

The debate, wherever it rages, will be better for this book. But one has to spare a thought for the authors, already contemplating the gigantic task of writing the fifth edition in 1996.

UK GAAP: Generally Accepted Accounting Practice, by Mike Davies, Ron Paterson and Allister Wilson, is published by Macmillan at £49.95p

Finance and Planning Director

Wiltshire Training & Enterprise Council

Attractive salary + car + benefits — Swindon

Since its establishment in 1991, Wiltshire TEC has built a key role in the economic development of the county, working with many partner organisations to deliver high quality training, education and business support services. The challenge now facing the TEC is to build on its achievements to date in leading the drive for prosperity in Wiltshire.

Following a review by the Board of the TEC and its recently appointed Chief Executive, an outstanding senior manager is required to play a key role in developing the strategic direction of the TEC.

Reporting to the Chief Executive and leading a team of 15, the Finance and Planning Director will be responsible for a broad range of activities which will ensure the TEC helps to sustain a dynamic local economy. These include: strategic, business and economic planning; accessing European development funds; managing all aspects of the finance function, including MIS; and overseeing the quality assurance, audit, and health and safety aspects of the TEC's work with 'client' companies.

Probably aged in their 30s to mid 40s, candidates should ideally be qualified accountants or MBAs, currently at Finance Director level or in a senior strategic planning role, with broad-ranging finance and planning experience. Although financial services/venture capital type experience would be useful, it is not mandatory, as we are more interested in the contribution candidates have made at a strategic level in their careers to date. Strong leadership, planning and interpersonal skills will be essential, together with the flair and ingenuity to develop original approaches to the TEC's role.

Please send a full CV in confidence to GKRS at the address below, quoting reference number 333J on both letter and envelope, and including details of current remuneration.

GKRS
SEARCH & SELECTION
CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TEL: 071 287 2820
A GKR Group Company

Finance Director

Commodities Trading Multinational

Based: London

c.£90,000 Package

An outstanding opportunity exists for a candidate of the highest calibre to join our client, a multinational company trading metals and chemicals across the globe.

The successful candidate will possess:

- Extensive trade and counter-trade finance expertise gained in established and emerging world markets.
- Strong banking relationship management and negotiation skills including obtaining and expanding credit facilities.
- A lateral thinking proactive and self motivated approach coupled with a 'hands on' style of leadership and management.
- The ability and experience to oversee and direct all aspects of financial and management accounting and treasury functions.

The position offers a unique opportunity to become an intrinsic influence on the continuing success of this progressive company.

If you meet the above criteria and would enjoy the challenge of working in an environment which seeks and rewards excellence please contact: **Deirdra Moynihan on 071 583 0073 or fax your CV on 071 353 3908 or write to 16-18 New Bridge Street, London EC4V 6AU.**

BADENOCH & CLARK
recruitment specialists

Senior Financial Analysts

Qualified Accountants for challenging new opportunities within a commercially driven International Bank

To £36,000 Tax Free + Substantial Benefits
Based Jeddah – Saudi Arabia

The National Commercial Bank is one of Saudi Arabia's leading financial institutions. They have a network of over 200 branches located throughout the Kingdom and also internationally which provide a comprehensive range of retail financial services. Major activities also include corporate banking, fund management and treasury services, dealing in an increasingly complex array of products.

The bank is undergoing a period of rapid development which has resulted in a number of initiatives including an aggressive automation programme, an emphasis on business efficiency and the development of innovative new businesses.

As part of this development they are seeking to appoint two Senior Financial Analysts in the following areas.

MANAGEMENT AND BUDGET REPORTING

There are two elements to this role. First, the bank is developing a fully integrated MIS System from which you will extract and analyse a wide range of data including consolidated financial data and product profitability. Secondly, you will deal with budget reporting for all profit and cost centre divisions.

ACCOUNTING SYSTEMS DEVELOPMENT

You will be responsible primarily for the ongoing development and testing of the new systems including the fully integrated MIS System. Further to this you will design and build detailed MIS reports.

For both of these roles you will be a qualified accountant with at least 3 years post qualification experience, highly computer literate and ideally with exposure to a banking environment.

In return for your skills and commitment, the bank is offering employment on a two year contract basis, renewable by mutual agreement. The package includes a tax free salary, payment of all medical expenses, free family accommodation, provision of annual home leave air tickets and 30 days annual leave.

For further details and to arrange an interview, please contact Tim Sandwell at Barclay Simpson Associates, Hamilton House, 1 Temple Avenue, Victoria Embankment, London EC4Y 0HA. Telephone 071 936 2601.

البنك الأهلي التجاري
THE NATIONAL COMMERCIAL BANK

BUSINESS DEVELOPMENT MANAGERS

Innovation Breeds Success

Nationwide

Outstanding Benefits Package

This dynamic UK plc is a major force within the fast moving retail market. Vision, commitment, determination, innovation are qualities that have transformed this long established UK retailer into the enviable position of a recognised market leader in its chosen field. Impressive progress to date has been based on the ability to implement new initiatives in technological advancement, trading and operational innovations and on its reputation for having outstanding career orientated professionals relishing the opportunity to contribute to change and impact on performance.

Exceptional growth plans coupled with a determination to further improve operations and profitability has led to a number of Business Development opportunities across the UK.

Specifically you will:

- Provide value added financial support and guidance by identifying key trading issues and developing relevant strategic initiatives.
- Be responsible for business and operational planning measurement and enhancement across a wide range of performance indicators.
- Actively develop new business opportunities and project manage assignments to improve trading and operational results.

Suitable candidates will have outstanding qualities. You will have a blue chip background as well as a strong academic record including ideally an MBA or Accounting qualification or similar. You will demonstrate high motivational qualities, a strong commercial outlook and be capable of inspiring confidence at all levels. You will be rewarded by a truly progressive career.

*Interested candidates should write to **Michael Herst** or **Charles Austin** enclosing a full Curriculum Vitae quoting reference **MH480** at Harrison Willis Search & Selection Partnership, Cardinal House, 39–40 Albemarle Street, London W1X 3FD.*

HARRISON WILLIS
SEARCH & SELECTION PARTNERSHIP
LONDON • READING • GUILDFORD • ST. ALBANS
UXBRIDGE • BRISTOL • BIRMINGHAM
BOLOGNE • COLOGNE • LISBON • MADRID • PARIS

[illegible]

Circa £ 60,000 + benefits + relocation — **Benelux**

Our client is one of the world's leading providers of logistical and air transportation services. Continued investment and growth has led to new position offering great potential for a high calibre, proactive audit professional within a dynamic entrepreneurial business.

The appointment :

- Investigate and analyse all business areas. Audit sophisticated computerised and operational procedures.
- Monitor reporting procedures. Work with business units, on asset verification, minimisation of risks, errors and potential for fraud.
- Work closely with Management Board and external auditors. Implement new working practices.

The requirements :

- Well qualified and experienced internal auditor - preferably from technology intensive background in travel and/or logistics sector.
- Outstanding analytical and communications skills. Ability to present at highest level and win support for change. Aged 35 to 45.
- Highly self motivated with drive and motivation to develop new role within competitive fast moving environment.
- Fluent in English + knowledge of French or German is desirable.

Please send your c.v. mentioning ref. 88-13-1 to K/F ASSOCIATES, Avenue Louise 523, boîte 25, B-1050 Brussels.

K/F ASSOCIATES
DIVISION OF KORN/FERRY & CARRÉ ORBAN INTERNATIONAL

Manager – Financial Analysis

Moscow

Package to US$80,000

The Company
A diversity of vision has taken this multinational corporation into many new and exciting markets worldwide. They have committed to numerous major projects in the former Soviet Union over the past six years. A US$ multi-billion turnover puts them in the top 20% of Fortune 500 companies. They have focussed on developing telecommunication infrastructure and services for existing and new customers. A landmark in their long-term expansion of the FSU market has been considerable participation in developing three digital gateway switches improving international access immeasurably. With extensive involvement in the nationwide 900MHz GSM digital cellular service, this company will build on its profile throughout the region, and in so doing, enhance its global activities.

The Position
As Manager of Financial Analysis your role will be key in planning the development of business activities and evaluating opportunities. With a direct line to the Executive Director of Finance you will contribute in the areas of financial business planning for joint ventures throughout the FSU, you will analyse and assist in the negotiations of financial terms relating to the establishment of a new business unit, evaluate the contributions of the Joint Venture partner and coordinate the ongoing planning process between each unit and the corporation.

The Person
Ideally with an accounting qualification your experience to date will have been in an analytical function with exposure to 'what-if' and multi-option decision making scenarios. With a background preferably gained within a similar technical environment, your brief is to further develop in a high growth potential, international arena. Complementary skills would be an understanding of this country's culture and an ability, however slight, to communicate in Russian. Key personality characteristics are drive, motivation and a willingness to create method and order in an unsophisticated environment. Few jobs offer such challenge and range of activities.

Please send a full resumé with covering letter to the address/fax below quoting reference FT2444 on all correspondence. Applications will be treated in the strictest confidence.

ANTAL INTERNATIONAL
Executive Recruitment
8 Alice Court • 116 Putney Bridge Road • London SW15 2NQ
Tel: +44 (0) 181 874 2744 • Fax: +44 (0) 181 871 2211
LONDON · BUDAPEST · WARSAW

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world.

For information on rates and further details please telephone:
Philip Wrigley on +44 71 873 3351

DIRECTORS SEEKING A NEW ROLE?

Europe's leading outplacement and career management consultancy, InterExec, has nearly 20 years' experience of managing career change for senior executives and many of Britain's largest companies.

By accessing over 6,000 unadvertised vacancies a year, mostly at £40 – 150,000 p.a. InterExec provides clients with vital market intelligence *AND its subsidiary,* InterMex, makes recommendations from its candidate bank without charge.

INTEREXEC
Call Keith Mitchell on 071 930 5041, 19 Charing Cross Road, London WC2H 0ES
or Sandra Costello on 031 225 8414, 63 George Street, Edinburgh EH2 2JG
CDOA
THE UK'S LARGEST SOURCE OF UNADVERTISED VACANCIES

ACCOUNTING SUPERVISOR

Graduate/Part Qualified CIMA

required by a large City based US company dealing in FX settlements and Futures & Options.

Would suit competitive go-getter looking for career advancement. Exp in financial services industry ess. Age 23-27 yrs. Computer literate, to advanced Macro level Lotus 123. Position requires extreme initiative and self motivation. Salary neg a.a.e, Exc bens and study pkge available.

Please send cv in strictest confidence to:
Ms. Dawn Skinner, Personnel Manager, 4th Floor, Plantation House, Mincing Lane, London EC3M 3DX. *Quoting ref: D/303*

Performance Improvement Consultancy

London • Manchester • Birmingham • Leeds

Consultants, Managing Consultants & Directors

Price Waterhouse Management Consultants is a world leading management consultancy practice. The European firm is represented in all major commercial centres, linked into an international network of specialist sector and/or skill-based expertise.

The Role

Typically, Price Waterhouse consultants will undertake large scale, multi-discipline change management projects on behalf of major corporate clients, either on a national or international basis. The key product differentiator is the firm's ability to work with its clients to implement successful change, rather than just to identify the need and recommend an appropriate strategy.

The prime remit of the consulting staff, therefore, is focussed on results delivery, rather than pure theoretical analysis or business development.

The Candidate

Definitive expertise in Activity Based Costing, Business Process Re-engineering or Financial Systems Implementation are important requirements in the immediate term. The potential to develop the ability to influence, facilitate and enact change management in the broadest sense will be the key recruitment criterion.

Aged up to 37, you should have an excellent academic track record, a recognised professional qualification and a strong track record of professional success to date in your chosen field. Superb interpersonal and presentation skills, results orientation and high levels of drive will be prerequisite. Previous management consultancy experience, whilst advantageous, is by no means essential.

As would be expected from a leading, international practice, the initial remuneration package and future career development opportunities will be geared to attract the most outstanding individuals. Neither of these factors will be an inhibitor to the recruitment process.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 205076, to

Midlands & South
Alan Dickinson FCMA or Diane Forrester ACA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

North of England
Stephen Banks ACMA, Executive Division, Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Finance

Specialists In Financial Recruitment

London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

BONHAMS
LONDON'S MOST ENTERPRISING AUCTION HOUSE

Financial Director Designate

London **£33,000 + Bens**

Bonhams was founded in 1793 and is one of the leading Auction houses. Its two London Salerooms and twenty-two offices throughout the United Kingdom, are renowned for their innovative and friendly approach. Thriving in the time of recession, it has seen a 41% rise in its turnover. The Financial Director has played an important part in this success.

The new Financial Director Designate will continue to be an integral part of a top quality management team taking an active part in business decision-making, leading to the continued growth of Bonhams. Reporting to the Managing Director your role will encompass:

- Day-to-day running of the accounts department, including a staff of 12.
- Production of accurate management accounts to tight deadlines.
- Implementation of a new accounting package.
- Extensive liaison with department heads with regard to budgeting and cost control.
- Full financial responsibility including dealing with Banks, Auditors, all credit decisions, and representing Finance at all top-level meetings.

The successful candidate will be a qualified ACA, aged 27-33, with a minimum 2 years hands-on experience who enjoys a challenging yet rewarding role. Enthusiastic, with a diplomatic approach, you will fully utilise your excellent interpersonal skills within this "people orientated" business.

Interested applicants, in the first instance should enclose an up-to-date curriculum vitae to Laurence Pengelly, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

Treasury Operations Manager

West London

c.£35,000 pa Plus Substantial Bonus & Car

Our client is a major UK Plc providing specialist support services to industrial, commercial and public sector customers primarily in the UK, Europe and North America.

This exciting opportunity has now arisen in the small Head Office Treasury function. Reporting to the Director of Treasury the key responsibilities of the role will include:-

- Providing a daily liquidity management function for the UK "banked" operations.
- All aspects of cash management and reporting (including policing the treasury operations of US and Dutch cash management centres).
- Providing the Group's primary interface with the financial markets and maintaining close and frequent contact with group relationship banks.

The role will involve regular contact with the Finance function and will also be responsible for ensuring adherence to Treasury policies throughout the Group.

In order to develop this role and thereafter move on, the successful candidate may be pursuing a mainstream Treasury career where the wider breath of this role and its high profile exposure will add significantly. Alternatively this position may appeal to a Qualified Accountant who is keen to develop further Treasury skills as part of a more general Finance career (although in this case you must clearly demonstrate 2-3 years of Corporate Treasury experience). Whichever route the following skills are essential:-

- Strong technical skills in both Treasury and Accounting.
- Excellent communication, interpersonal and relationship building skills.
- A high level of commercial awareness.

Any previous experience of documentation issues and legal interpretation as well as exposure to derivatives would be advantageous but is not essential.

If you are interested in discussing the above further you should write to Karen Wilson at Hoggett Bowers, George V Place, 4 Thames Avenue, Windsor, Berks, SL4 1QP, enclosing a recent CV and a note of current salary quoting Ref: WKW/5922/FT

Hoggett Bowers
EXECUTIVE SEARCH AND SELECTION

Head of Finance

London c£55,000

This UK company is a leading specialist in the insurance sector, with responsibility for significant dollar liquid assets and a headcount which has more than doubled in the last two years to its present size of approximately 200 employees. Business volumes are set to increase significantly over the next five years and the company therefore seeks a Head of Finance able to meet the challenge of planning for and managing future growth.

Reporting to the Managing Director, the Head of Finance will be a key player in a recently-appointed senior management team. Working towards the achievement of ambitious company goals the role involves exposure to all aspects of the business, with particular emphasis on strategic planning and management. Responsibilities are for the total accounting and finance function, including MIS, actuarial and ad hoc projects as well as the production of financial and statutory accounts, balancing the need to manage growth and change with the importance of ensuring efficient and effective reporting and controls.

Responsible for five managers and a current team of 40 staff, based in modern offices close to London Bridge, the role involves extensive liaison within the company and externally with a range of professionals including auditors, legal and financial advisors. With substantial investment in both new technology and recruitment, the Head of Finance also oversees the development of MIS systems, training and professional development within the finance function.

The ideal candidate will be a qualified accountant - probably Chartered - with proven management experience. Whilst a background in insurance may be useful it is not a pre-requisite; more important are strong influencing, interpersonal and strategic skills together with a 'hands on' approach. Evidence of the ability to advise and provide direction in a changing environment is essential, together with good technical knowledge and familiarity with all aspects of corporate and financial planning. It is unlikely that applicants below the age of 40 years will have sufficient commercial experience for this challenging role.

Interested applicants should send, by post or fax, a full CV including salary details and quoting ref 085, to the address below.

ALDERWICK CONSULTING

SEARCH & SELECTION

OLD BAILEY HOUSE, 7 OLD BAILEY, LONDON EC4M 7NB. TEL: 071-329 4649 FAX: 071-329 4677

PROJECT ACCOUNTANT

Central London ***c. £35,000 + Benefits***

Our client, a leading UK and international advertising and marketing Group, is in the process of growth and expansion, and as a direct result, the Group Finance Director is urgently seeking an assistant. The role will be varied and interesting, and will involve a number of different projects relating to the Group holding company and its subsidiaries. These projects will include systems work, financial analysis, working capital management, operational audit and conducting monthly management reviews.

The Project Accountant will report directly to the Group Finance Director and will be expected to have sufficient self-motivation and determination to project manage a team, or work alone, as the task dictates. The role may also include the financial controllership for two of the Group subsidiaries.

This is an outstanding opportunity for a recently qualified accountant, with two or three years experience of the service industry, to capitalise on their experience and to gain maximum exposure to the internal workings of a large and successful advertising group. Career prospects for the successful candidate are excellent.

Candidates should be graduate ACAs, aged between 27 and 32. Interested candidates should send their curriculum vitae along with current remuneration and day time telephone number to Carol Jardine, Managing Director, Whitney Selection, 17 Buckingham Gate, London, SW1E 6LB, quoting reference number WS/120/2.

THE WHITNEY GROUP

WHITNEY / SELECTION

C F A

CHRYSSAPHES FLAMMIGER ASSOCIATES

Consumer Brands - Major International Plc

Financial Planning & Analysis

Early 30s ***c.£55,000 + Bonus + Car + Options*** ***London***

Our Client is one of the UK's foremost "quality" consumer brands businesses, with production, marketing and distribution operations worldwide, and turnover in excess of £2.5 billion.

As part of a process of change and development in its approach to financial management, it has recently appointed a Director of Financial Planning and Analysis for the global business, who now seeks to recruit a Financial Planning and Analysis Controller to strengthen a small centrally based team. Overall departmental objectives are to play a key role in improving the quality and effectiveness of management information and to bring about a more pro-active, commercial, analytically orientated and disciplined finance culture.

Working with a small team of financial analysts, your main involvement will embrace improvements to management information and the review, analysis and provision of incisive commentaries on group performance, forecasts and business trends; with particular emphasis on the recommendation of profit improvement and cost reduction opportunities, as well as strategic planning and related projects. In particular, this will be achieved through developing close links with marketing, production and worldwide regional management teams.

You will be a graduate, qualified accountant or financially orientated MBA, with previous "high-profile and disciplined" financial analysis/planning experience, gained in a marketing led consumer products business, ideally having both a distribution and production content. With an analytical and commercial mind, you should possess strong computer modelling and effective communication skills. Preferably, although it is not essential, you will have had exposure to an international environment, gained either from an overseas or UK base.

You should write enclosing a resume together with current remuneration details and daytime/evening telephone contact numbers, quoting Reference 410/A on both envelope and letter, to the address below:

Chryssaphes Flammiger Associates, Bechtel House, 245 Hammersmith Road, London W6 8DP.

WINDSOR & DISTRICT

2 Directors of Finance

c. £40,000 + car + benefits

MAIDENHEAD & DISTRICT

In Spring 1995, following a successful ballot of tenants, the transfer is planned of just over 6,000 properties from the Royal Borough of Windsor & Maidenhead to two new separate and independent Housing Associations - Maidenhead & District Housing Association and Windsor & District Housing Association.

Both associations will be major providers of affordable rented housing in the area and their prime objective is to deliver the highest quality housing services. An early key appointment for each is that of Finance Director. Candidates will be qualified accountants able to prove that he/she can:

- play an important role in securing funding and the confidence of funders;
- be part of the corporate management team, building the Association;
- develop and implement sound financial strategies and policies;
- plan the IT strategy and advise upon systems;
- recruit and train a professional team

Candidates will be asked to state a preference, but may of course apply for both posts.

Both Associations are to be Equal Opportunities Employers

CHAPMAN HENDY ASSOCIATES

For further details and an application form, please contact

Cathy Baker
Chapman Hendy Associates
2 John Street
London WC1N 2HJ
Tel 0171 831 7130

Closing date for receipt of applications is Monday 14 November and first interviews will take place in the week beginning 21 November 1994.

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on +44 71 873 4654

Philip Wrigley on +44 71 873 3351

Joanne Gerrard on 071 873 4153

FINANCE MANAGER - BENELUX

PHARMACEUTICALS **HOLLAND** **PACKAGE £55,000+CAR**

Our client, a pharmaceutical multi-national seeks to recruit a high calibre Finance Manager for its sales and marketing operations in Benelux.

Reporting to the Managing Director you will be a key member of the management team with responsibility for finance, administration, information technology and distribution as well as local treasury and tax. You will play an important role in developing the long term planning and strategy for these dynamic and highly competitive market places.

You will probably be in your mid 30's, a qualified accountant, preferably with a degree or MBA and have worked with a major multi-national. Preference will be given to Dutch speaking candidates. A knowledge of French would be a further advantage. In addition, you should be able to demonstrate excellent interpersonal skills to manage the multi-cultural aspects of this diverse and rapidly changing business.

This is a senior appointment based in Holland and career prospects are excellent.

If you are interested in this appointment, please send your CV in confidence quoting reference number 3430 to Stuart Adamson FCA, Adamson & Partners, 10 Lisbon Square, Leeds LS1 4LY, West Yorkshire, England. Telephone 0532 451212 Fax 0532 420802.

ADAMSON & PARTNERS

INTERNATIONAL FINANCIAL SEARCH & SELECTION

Advertising Agency

Financial Controller

£35K plus valuable benefits **London**

The company is part of one of the largest communications groups in the world providing advertising, direct marketing and sales promotion services to its clients through an extensive network of worldwide offices. An experienced 'hands-on' Financial Controller is now sought for a key area of the UK business.

THE APPOINTMENT

- Report to the Group Finance Director working closely with the Chief Executive.
- Supervise a team of accounting staff.
- Functional responsibility for divisional financial and management accounting.
- Ensure the timely and accurate presentation of budgets and forecasts to senior management.

THE REQUIREMENTS

- Probable age range late 20's to early 30's with a relevant accounting qualification.
- Several years' post qualification experience ideally within an advertising agency
- Commercial acumen.
- Second European language a distinct advantage.

Please apply in writing with a full C.V. and current salary details to Geoffrey Mather, K/F Associates, 252 Regent Street, London W1R 5DA, quoting ref: 90802/A. The closing date for applications is Friday, 18 November 1994.

K/F ASSOCIATES

Selection & Search

Coopers & Lybrand Executive Resourcing

Director of Finance

WEST MIDLANDS **£45,000-£49,000 + PRP**

Sandwell College, with over 7,000 full time equivalent students and an annual budget of £26 million, is one of the largest further education colleges in the UK. With an enviable reputation for innovation and the management of change, it is now building on a successful transition to incorporation to create a truly student focused college.

As a member of the Board of The College Corporation, you will report to the Principal with responsibility for financial management and information systems. Priorities will be to ensure tight control plus effective budgeting, planning and systems capable of supporting such a substantial organisation. Team leadership and development will be critical to achieving these objectives. As a member of the executive team, you will play a major role in formulating overall corporate strategy for the college.

A qualified accountant, you will have a proven track record of managing and developing financial functions with the emphasis having been on establishing effective computerised management information systems. Experience will have been gained in forward thinking commercial or industrial organisations and if you also have experience in a further or higher education establishment, then so much the better. Personal qualities sought will include decisiveness backed by strong communication and team building skills. The ability to make a broad contribution to a management team is essential.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence, to John Elliott, Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT quoting reference JE281 on both envelope and letter.

FINANCIAL CONTROLLER

An unusually wide-ranging role in a dramatically successful business for a qualified young accountant

c. £30,000, bonus and car allowance — Sussex

Many companies will aspire to double their turnover in the next five years – but very few can realistically claim to have done so in the last five! An enviable record for product quality and innovation has given this business a substantial share of the UK market, but its spectacular growth has been achieved overseas – more than 90% of sales are outside the UK. Proven technological strength, combined with the opening of new market sectors, suggests that future growth will be equally rapid. The company's financial management is to be reinforced by the appointment of a Financial Controller, who will be expected to make a broad contribution. Accountancy strength will facilitate the core reporting role, with a small, well-established team providing support, but our best candidates will relish the opportunity to work on a much broader front with a generally young and unfailingly forward-thinking team. A formal qualification, almost inevitably ACA and probably gained with a major practice, is taken as read; but the proven ability to resolve business issues in an international context will be even more important. We want to hear from candidates with at least two years post-qualification experience who clearly demonstrate the ambition and the ability to flourish in the bigger jobs to which this one could easily lead. Please send full career details, quoting reference WE 4182 on both letter and envelope, to Dave Denny, Ward Executive Limited, 4 - 6 George Street, Richmond-upon-Thames, Surrey TW9 1JY.

WARD EXECUTIVE LIMITED

Executive Search & Selection

APPOINTMENTS WANTED

GERMAN QUALIFIED ACCOUNTANT

8 years experience in England as financial/ Management Accountant, 2 years contract work for English companies in Germany, seeks new assignment with international company. Short/long term.

Please contact:

0272 730688 (England)

CHARTERED ACCOUNTANT SOUTH AFRICA

C.A. based in S.A. with 15 years experience. Looking for financial position with company or to carry out specific projects. Company start-ups/relocations

Fax: 27 11 787 3765

Accountancy Personnel

Royal Insurance

Audit Controller

North West

c£35,000 plus Benefits package including car

Royal Insurance is a household name in the provision of general and life insurance within the UK. As one of the UK's leading composite insurers the Group also provides a whole range of specialist and commercial insurance lines. With operations worldwide, the Group had a premium income of £4.9 billion in 1993 and assets under management of over £11 billion. The Group are now looking to recruit a high quality candidate within the Group Internal Audit Department.

- Responsible for management of a team of professional staff undertaking reviews of the UK general insurance business.
- Senior member of the internal audit team expected to contribute to the management and development of the department.
- Qualified accountant with a minimum 5 years PQE and a strong internal/external audit and management background.
- Excellent communicator at all levels with strong inter-personal and management skills, able to manage, develop and build a strong and effective team producing high quality results.
- Must be able to demonstrate a potential for development to senior management roles within the Royal Insurance Group.

This assignment is being handled exclusively by Accountancy Personnel. For further information please contact our Recruitment Adviser Tom Manger on 051 236 3530 or write to him at Accountancy Personnel, 16b Cook St, Liverpool L2 9RF.

Hays

The Notting Hill Housing Group combines one of the largest housing associations in London with one of the most successful producers of shared ownership housing and four other smaller companies. In our 30 years, we have housed more than 30,000 people and we complete over 700 homes a year. We are currently raising £33 million private loans to finance new homes for the next twelve months and are engaging in appraising various innovative methods of funding housing in the future.

Deputy Group Finance Director

Salary up to £44,155 per annum (pending review) Ref: FD12.

This new post has been created to combine the responsibilities of managing and leading the Finance Department of Notting Hill Housing Trust together with the provision of high level assistance to The Group Finance Director in strategic financial issues.

Holding a recognised accounting qualification with five years post-qualification experience, you will have strong management skills with the ability to lead and motivate a team of 35 people. You will have strong numeracy and literacy skills and a maturity of approach which enables you to communicate with senior management on financial issues. You will have good financial management skills and the experience of working in a variety of computerised financial environments. In addition, you will be a highly capable Financial Accountant with the responsibility to oversee the production of complex group accounts.

Group Management Accountant

Salary up to £36,277 per annum (pending review) Ref: FD15.

This key position provides high level assistance to the Senior Management team in Corporate & Business Planning and the budget process. Responsible for providing managers with monthly financial information, advice and risk assessment, the position heads a small team of skilled staff responsible also for financial systems.

You will hold a recognised financial qualification with 3 years post-qualification and 5 years practical experience of management accounting. Holding strong communication skills, you will understand how to plan and prioritise tasks as well as managing and motivating staff. You will have considerable experience of computerised financial systems having been responsible for an implementation process and you will hold concise analytical skills in order to contribute at a senior management level on strategic issues.

Both posts are based at the Head Office in Hammersmith, West London.

If you would like to discuss informally either post, please telephone Rosemary Farrar on 081 563 5053.

If you are interested in working in this highly challenging and changing environment, telephone 081-563-5129 (24 hour answerphone) quoting the appropriate job reference.

Closing date: 14th November 1994 (5.00pm).

Personnel Department, 26 Paddenswick Road, London W6 0UB.

We are an equal opportunities employer.

Our offices are smoke free.

NOTTING HILL

WE OWN AND MANAGE 10,000 RENTED AND 1,800 SHARED OWNERSHIP HOMES

Financial Director Designate

South Coast Package to c.£40,000 + car

Our client is an established, privately owned, automotive component manufacturer. Its impressive customer base includes a large number of blue chip clients and the company exports its products throughout Europe and the Middle East. Founded over 100 years ago, the company has a well deserved reputation for innovation, quality and customer service. With current sales volumes standing at £6m p.a. and an enviable profit return, the organisation is well placed to achieve its strategic objective of turnover in excess of £10m p.a. by the end of 1996.

The company now seeks a graduate calibre, qualified accountant to take responsibility for the finance and administration function. Key responsibilities will include compilation of financial and statutory information; definition of existing financial systems and controls; development of management information systems to reflect the future needs of the business; provision of detailed management reports to include analyses of key performance indicators; and continuing enhancement of computer systems in order to provide a sound platform for future development. Additionally the postholder will be responsible for appropriate company secretarial duties.

Interested candidates should send a comprehensive CV, highlighting relevant experience and including remuneration details to Karan Paige at KPMG Management Consulting, Richmond Park House, 15 Pembroke Road, Clifton, Bristol BS8 3BG. Telephone (0272) 464042.

KPMG Selection & Search

FINANCE DIRECTOR

£ Salary Negotiable + Benefits **North West**

Proteus International plc is a group of companies which are engaged in the discovery and development of pharmaceuticals using computer aided molecular design techniques. Based at Macclesfield, Cheshire, the Group has operational interests in the UK, Europe, USA and Canada.

With the expansion of its activities Proteus now seeks a Chartered Accountant as Finance Director for its main operating subsidiary, with the prospect of a Group board appointment in due course. Reporting to the Chief Executive, the successful applicant will be responsible for all aspects of the Group's financial management, including financial planning, budgetary control, and treasury operations. Applicants should be able to demonstrate previous success in an equivalent senior position. This is an opportunity for a self-motivated individual to assume a role of major responsibility within a senior management team. Experience or a formal qualification in a scientific discipline would be an advantage.

It is unlikely that the position will be of interest to applicants aged under 35 or currently earning less than £35, 000 p.a.

If you believe you could fill this challenging rôle, send your detailed CV to Mrs. Gillian Wych, Personnel Manager, Proteus International plc, Lyme Green Business Park, Macclesfield, Cheshire, SK11 0JL.

Pénzügyi vezetot, fokönyvelot keresünk
multinacionális szórakostatóipari társaság részére

BUDAPEST

Egy 4 milliárd US dollár éves forgalmat bonyolitó társaság pénzügyi megbízottat keres magyarországi fiókjának vezetésére.
A sikeres jelentkezonek - akár férfi, akár no - tökéletesen képzett könyvelönek kell lennie, aki mind magyarul, mind angolul folyékonyan beszél és ír.
A jelentkezonek megfelelo bízonyítványokkal kell rendelkeznie a pénzügyi vezetés terén szerzett gyakorlatáról.
A megállapodás kitüno alapfizetést, prémiumot, valamint a szokásos nemzetközi kedvesményeket foglalja magába.
Az alkalmaztatása érdekében írjon részletes önéletrajzzal és fizetési igénnyel a következo címre:
Mr Stephen Gottlieb, 31 Villiers Street, London WC2N 6ND

FINANCIAL CONTROLLER

c.£35K Package + Benefits

Cape East, a subsidiary of Cape PLC, Watford based, has a longstanding reputation for providing quality products and services *to the construction* industry throughout the Middle and Far East.

In this key role, you will be responsible for managing the overall performance of the finance function in the UK and Middle East. Some travel will be required. Specific tasks will include maintaining an affective system of internal controls, providing financial expertise to local management and preparation of monthly consolidated accounts.

Preferably A.C.A. qualified, you will have gained experience ideally in a multinational contracting environment. You should be able to achieve a good balance between a strategic and hands-on approach, possess excellent communications skills and have the *ability to thrive* in a constantly changing environment.

The position will ideally suit a young ambitious Accountant seeking promotional prospects within an expanding group of companies.

To apply, please write with full G.V. to Margaret Robertson, Personnel Director, Cape East Limited, Cape House, Exchanga Road, Watford, Herts WD1 7EG.

Closing date 10 November 1994.

We are an equal opportunities employer.

CAPE EAST

YOU CAN ADVERTISE YOUR SKILLS IN THE *FINANCIAL TIMES* RECRUITMENT PAGES FROM AS LITTLE AS £90 + VAT

Looking for a Career Change?

FOR FURTHER DETAILS PLEASE CONTACT ANDREW SKARZYNSKI ON
TEL: +44 71873 4054
FAX: +44 71 873 4331
OR BY WRITING TO HIM AT
FINANCIAL TIMES,
RECRUITMENT ADVERTISING,
NUMBER ONE
SOUTHWARK BRIDGE,
LONDON SE1 9HL

SENIOR FINANCIAL ACCOUNTANT

To £35,000 + car **London W1**

Guinness PLC is one of the UK's leading consumer goods companies with a market capitalisatinn nf nver £8bn, 23,000 emplnyees wnrldwide and a turnover in excess of £4bn. It has the most outstanding portfolio of premium drinks brands in the world, including Johnnie Walker, Bell's, Gordon's Gin and, of course, Guinness itself, the world's most celebrated stout. It is one of the few truly global beverage businesses.

As a result of the Group's ongoing commitment to career development, a promotion within Group Financial Control has created the opportunity to join this young, committed and professional team.

The post holder will report to the Head of Group Reporting (and where necessary deputise for him). The role will focus on the preparation of the Group's consolidated monthly management accounts and the half year and *annual published accounts together with full year estimates and analytical* reviews.

The position carries a high profile bringing the post holder into regular contact with the senior management of the Group.

Suitable candidates will be either ACA or CIMA qualified and will have trained in a 'big 6' practice or major PLC. With at least three years' post-qualification experience, your achievements to date will have equipped you with the requisite technical skills to succeed in this role. You should also possess strong communication skills and the ability to liaise effectively at all levels.

Interested candidates should apply in writing enclosing a CV to our consultant, Matthew Denwood at Executive Connections, 43 Eagle Street, London WC1R 4AP (Telephone 071 242 8103 - Fax 071 831 4571).

Grand Old Parr · PIMM'S · GORDON'S SPECIAL LONDON DRY GIN · WHITE HORSE Fine Old Scotch Whisky · THE GLENEAGLES HOTEL · BELL'S Old Scotch Whisky · KALIBER · Tanqueray Distilled English Gin · and, of course... GUINNESS

GUINNESS PLC

---

hci

holland chemical international b.v.

HCI is a privately owned multinational group nf companies involved in the distributinn, atorage, trading & shipping of industrial chemicals throughout The Americas & Europe. With the promntion of the present incumbent, we now need to fill the position once again of -

INTERNAL AUDITOR

HCI considers this function to be an important part of its overall financial controls, as well as being an ideal entry point for future Financial Managers. Responsibilities will include detailed reviews at all Group locations, as well as various ad hoc assignments. It may be expected that this will reqnire periods of between 2-4 weeks in each location.

Candidates, who ideally will be recently qualified accountants with one of the major professional bodies, should have the following attributes:

- solid auditing experience preferably with a "Big 6" company.
- ability to communicate with ALL levels of staff both verbally as well as via concise written reports.
- an open & enquiring mind.
- be able to both speak & read Spanish, as well as being fluent in English.

An excellent expatriate remuneration package will be offered & it is envisaged that success in this position will result in a move into financial management at any one of our locations.

Resumes, including day & evening phone oumbers, should be mailed or faxed to:

David F Jordan
Corporate Controller
HCI (Services) Inc
PO Box 701069
Houstoo TX 77270-1069
USA

Fax 713 880 2667

FINANCIAL CONTROLLER

London **£25-30k + Benefits**

LORNAMEAD LTD is a growing international personal care business trading with over 50 countries worldwida in its own branded cosmetic and toiletry products.

Reporting to the Group Finance Director and supported by a small taam, the financial cantrallar will ba responsible far all managamant and financial accounting, treasury and other administrative functions.

The successful candidate will be a qualified accountant able to demonstrate a broad range of experience within a fast moving company environment, and will be highly computer literate.

Written application with full CV should be sent to:

LORNAMEAD LTD.
Lornamead House,
1/5 Newington Causeway, London SE1 6ED

for the personal attention of the Group Financial Director.

CHIEF ACCOUNTANT - GENEVA

The World Council of Churches, Geneva, seeks Chief Accountant -
fully Qualified and experienced in computerised accounting and sympathetic to the Council's ecumenical calling.
Monthly salary range from CHF 8210.

Further details from the Director of Personnel, WCC, 150 Route de Fentey, PO Box 2100, 1211 Geneva 2, Switzerland (Fax: 022 791 0361).

Closing date will be December 31, 1994

ALPS

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Opportunity to gain valuable bank audit experience

INTERNAL AUDITOR

NEWLY/RECENTLY QUALIFIED ACCOUNTANT

CITY **£25,000-£30,000 + BONUS**

LONDON BRANCH OF MAJOR EUROPEAN BANK

Our client's business in London has expanded rapidly and this is a new position within their small Compliance/Internal Audit team. We invite applications from qualified Chartered Accountants who have trained with a leading practice and gained experience in banking/financial services industry audit. The emphasis will be on the audit of trading activities, calling for a knowledge of modem treasury products. This is an exacting position with scope to develop the role and the successful candidate will either have relevant audit experience in the City or be a confident individual making a first move out of the profession. Initial remuneration is negotiable £25,000-£30,000 + Bonus and bank benefits. **Applications in strict confidence quoting ref. IA241/FT, to the Managing Director, ALPS.**

Why think national when you can be International ?

Use the FT

Senior business people all over Europe use the FT throughout their working week.

They use it to keep up with the news, views, issues and most importantly the opportunities.

So for key national and international appointments, using the FT gives them a wider choice of the top jobs.

Today Europe is the job market and the FT, Europe's business newspaper, is where to find it.

For more information please call Stephanie Cox-Freeman on +44 71 873 3694

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

CLIFFORD CHANCE

DIRECTOR – FINANCE AND ADMINISTRATION

MOSCOW

Clifford Chance is a leading international law firm with 21 international offices which handle all aspects of business and finance for multinational clients and financial institutions. The Moscow office which is continuing to expand currently employs 12 Russian and Western lawyers and is relocating into modern new offices. Clifford Chance is seeking to *appoint a Director – Finance and Administration to assume overall responsibility for all non-legal service functions.*

As head of finance the role will predominantly be controlling all aspects of the financial operation including advising and assisting the resident partner and providing periodic management accounts and forecasts to partners based in London and Moscow. In particular your team will be responsible for all reporting, budgetary control, internal systems, billing and credit control, returns to the relevant tax authorities and liaising with the external accountants.

You will also be dedicated to the effective running of the personnel and administration functions, human resources, premises and supplies including negotiations with external suppliers.

Ideally aged in your 30's or early 40's you will be a fluent Russian and English speaker and have experience of international finance and management. You will be diplomatic and have the ability to help manage and develop a growing business.

For further information on this outstanding career opportunity with a major international law firm please contact our advising consultant **Kean August** on **44 71 209 1000** or send a curriculum vitae in confidence to **FSS Europe, Charlotte House, 14 Windmill Street, London W1P 2DY, UK** or fax to **44 71 209 0001**. All applications will be forwarded to FSS Europe.

FSS EUROPE

---

airJamaica

AIR JAMAICA LIMITED - CHIEF FINANCIAL OFFICER

A Chief Financial Officer is required to coincide with the imminent privatisation of this National Carrier to be based at the Airlines' Head Office in Jamaica.

A CPA or similar qualification is essential and airline experience would be an advantage. An attractive salary and benefits package will be offered to the successful applicant.

Applications, together with full curriculum vitae, should be submitted in writing to the Chief Executive Officer, Air Jamaica Limited, 72-76 Harbour Street, Kingston, Jamaica, W1 or by fax to (809) 967-3125

VENTURE FUND MD

A Midlands based Regional Fund seeks a Managing Director. Key elements are Fund-raising, Deal Making, Staff supervisinn and achievement of a Deal Flow.

You will need empathy with SMEs, a knowledge nf Acconnting (probably qualified), the ability to spot a winner; the personality to tie op the deal, supervise due diligence and monitor performaoce all at Board level.

Attraetive Salary and Carried Interest.

CV to:
Box A2172,
Financial Times,
One Southwark Bridge,
London SE1 9HL

MARCAM

The European Headquarters of one of the leading US software companies is expanding its already successful finance department with two key positions. These opportunities are based in either the European HQ in Paris or UK operation in Warwick.

Business Controller

■ *THE POSITION: Reporting to the European Financial Director, this operational job will provide you with a highly visible role in which you will be expected to take an innovative approach to change the business across Europe. As well as improving cash flow and implementing cost reduction programmes, you will also assist in contract negotiations, and be responsible for the management reporting processes for the region.*

■ *THE CANDIDATE: Benefiting from at least six years in industry, you possess excellent communication skills and an operational approach to the financial control function.* *(réf. 1751)*

Financial Analyst

■ *THE POSITION: Reporting to the Business Controller, you will be responsible for preparing the monthly consolidations, coordinating budgets, quarterly plans and management reporting across Europe as well as providing technical support to the European finance team in operating units.*

■ *THE CANDIDATE: After some 3-5 years' practice within accounting, you are looking to develop your skills in an international environment.* *(réf. 1750)*

For both positions, candidates should be business school graduates or hold a professional accounting qualification, speaking English and preferably another European language.

Please contact Elisa DIMITRI on (33 1) 42.89.09.17 or send a full curriculum vitae, quoting the relevant reference, to NORMAN PARSONS, Elisa DIMITRI, 6 rue Paul Baudry, 75008 Paris, France.

Norman Parsons
GROUPE ROBERT HALF

WORLD LEADER IN FINANCIAL RECRUITMENT WITH OVER 160 OFFICES IN 3 CONTINENTS

COMMODITIES AND AGRICULTURE

Russian claims aluminium exports will fall this year

By Kenneth Gooding, Mining Correspondent, in Atlanta

Russian aluminium exports will fall from the record 2.1m in 1993 by between 200,000 and 300,000, according to Mr Igor Prokopov, president of Concern Aluminiy, the co-ordinating organisation for the Russian industry.

Exports would continua to fall in 1995 but only slightly, he added, during a briefing at the Alumitech '94 conference here.

Analysts greeted Mr Prokopov's prediction with some scepticism. Mr Stewart Spector, of the Spector Report, pointed out that, according to the Russian Foreign Economic Ministry, by the end of September aluminium exports already had reached 1.65m tonnes compared with 1.26m in the same months of 1993. Mr Prokopov's forecast suggested that in the final quarter Russian exports would be about 60 per cent down from the corresponding period blast year.

Mr Prokopov said Russia had cut its annual aluminium production by about 300,000 tonnes since the international trade agreement was reached in February by his country and Australia, Canada, the European Union, Norway and the US. Although Russia undertook to reduce output by 500,000 tonnes, Mr Prokopov hinted that further cuts were unlikely because he said that 1995 production would be about the same as this year's.

He suggested that some "adjustment" might be made to the terms to the trade agreement when delegates from the six producing regions met again next month in November. However ba did not expect any move to re-start production capacity recently ahut down. Mr Prokopov said Russia's own consumption of aluminium could not be expected to improve before the end of 1996 at the very earliest.

He said Russia would be consuming three or four times as much aluminium in packaging as it was at present, two or three times as much in transport and twice as much in construction. This was not a forecast of what would happen but only a "wish list" for when the industry revived. It would not take much capital to provide the extra products, just enough to modify some existing plants.

Mr Prokopov said privatisation of the Russian aluminium smelters was virtually completed and "certain parties" including western trading companies had built blocks of shares totalling between 20 and 30 per cent of the capital of some smelters. He suggested that big western aluminium groups eventually would regret not buying some of these shares. Western companies were showing little interest in investing in the smelters in any way, he said.

Analysts pointed out that this was understandable because, to attract risk capital, Russia's political system had first to be stabilised and reliable laws for the protection of investments introduced.

Chinese output surge seen

By Kenneth Gooding

China's aluminium production would grow by nearly 50 per cent by the year 2000, at which time it should have caught up with the country's booming consumption of the metal, Mr Henglong Li, a director of the China National Non-ferrous Metals Industry Corporation, said in Atlanta yesterday.

However China's production of alumina (aluminium oxide) would not be able to keep pace with this growth and imports would continue at a high level. Last year China produced 1.8m tonnes of alumina and imported 970,000 tonnes, said Mr Li. In the first half of this year imports probably reached more than 1m tonnes.

Speaking at Alumitech '94, Mr Li said China's aluminium output last year was 1.22m tonnes while consumption, after many years of growing at an annual rate of 10 per cent, was 1.35m. He pointed out that to reach its production target China would have to increase aluminium smelting capacity by about 100,000 tonnes a year until the year 2000.

Present firm plans included expanding annual capacity at the Qingtongxia smelter from 100,000 tonnes to 220,000 and at the Baiyan smelter from 50,000 to 100,000. Mr Li said his group also hoped to build a new smelter with annual capacity of 125,000 or 250,000 tonnes, together with a coal-fired power station, at Shanxi.

Jamaica lifts bauxite production

By Canute James in Kingston

Jamaica's bauxite (aluminium ore) output grew to 8.77m tonnes in the first nine months of this year, 5 per cent higher than in the corresponding 1993 period, mainly as a result of higher demand from refiners that have expanded capacity.

Production of alumina (aluminium oxide) grew by 13 per cent to 2.44m tonnes in the nine months.

The inland's largest refiner, Alumina Partners, is expanding its capacity and is producing at a rate of 1.45m tonnes a year, against 1.2m tonnes in 1993, said Mr Parris Lyew-Ayee, executive director of the Jamaica Bauxite Institute. Other refiners have also increased their productivity, he said.

The institute is forecasting total bauxite ore production for this year at 12m tonnes, against actual production of 11.22m tonnes last year.

Renison in deal to explore for titanium in Ukraine

By Nikki Tait in Sydney

Renison Goldfields, the Australian mining company in which Britain's Hanson group holds a 40 per cent stake, has signed an exclusive agreement covering exploration for titanium mineral deposits in Ukraine.

The agreement has been signed with Ukraine Joint Stock Company "MFS", which, in turn, has been authorised by the Ukrainian State Committee on Geology (Goskom), to represent its interests in the development of deposits in the area.

Certain tailing deposits, associated with existing Ukrainian heavy mineral production operations, are also covered by the agreement. According to Renison, these "appear to contain commercial quantities and grades of ilmenite".

RGC, which started to look at the potential for developing Ukrainian mineral sands last June, said there were "a number of prospects, previously explored by Goskom, which show the potential for large-scale commercial development".

A drilling programme is scheduled to start in the December quarter.

News of the Ukrainian agreement came as Renison told shareholders at its annual meeting that most of the company's operations had continued to trade profitably in the current financial year – the exception being Renison Tin, which had a production shortfall. Renison moved into the black in the second half of 1993-94 after two years of losses.

Norway to close Statfjord platform

By Karen Fossli in Oslo

Statoil, the Norwegian state oil company, says it plans to close one of three platforms in the prolific North Sea Statfjord field by 2003 in a bid to avert early closure of the entire field in 2007. This announcement comes while several other oil companies are in the process of either closing or planning to close platforms.

The Statfjord field comprises three fully integrated production/processing platforms but the company says that by decommissioning the A platform in 2003 the remaining B and C platforms could continue full operations beyond the 2009. They would face closure in 2007 if the A platform remained in operation beyond 2003 and the field's overall economics would, under this scenario, deteriorate substantially.

"Compared with other options, this solution should boost the residual net present value of the field by NKr1.64bn (£155m)in 1995 money, before tax," estimates Mr Morten Krogh, head of the team in charge of the de-commissioning.

Statfjord's daily average production has reached 650,000 barrels, exceeding the 1993 production plan for 600,000 barrels, but the rate will plunge to about 26,000 barrels a day by 2009.

By the end of this year about 2.9bn barrels of the field's 30bn barrels of recoverable reserves will have been extracted and output is expected to fall to 25 per cent of today's level within five years.

The Statfjord A platform produces 170,000 b/d but processes 320,000 b/d, 175,000 barrels of which is derived from the adjacent Snorre field, operated by Saga Petroleum. Processing of Snorre crude will have to be undertaken by one of the other two Statfjord platforms when the A unit is closed.

According to Norway's field licensing arrangements, platform operators are obliged to remova the massive structures from the field once production ends. But the parliament has postponed discussion of a government White Paper on platform removal guidelines until next spring, so it remains unclear what platform abandonment requirements will be made of the oil companies.

Production from the North East Frigg field ceased last year and work is currently under way to close down the Odin field. In addition, the Frigg field will soon end production as Phillips Petroleum completes plans for the closure of several platforms in the Ekofisk field.

Policy changes clear way for new fields

By Karen Fossli

Recent changes to Norwegian oil policy have cleared the way for three new North sea field developments for which more than NKr10bn will be invested to boost domestic crude oil production.

Saga Petroleum, Norway's largest independent oil company, is seeking approval to develop the NKr5bn (£470m), 180m-barrel Vigdis oil field and for a NKr4.5bn extended development of the Snorre oil field, for which the company has upgraded recoverable reserves to 1bn barrels from 717m. Statoil, the Norwegian state oil company, also plans to develop the tiny (20m-barrel) Yme field in the southern part of North Sea.

Because fewer and smaller commercial oil discoveries have been made in Norway in recent years the government is anxious to maintain a high level of exploration activity, which could contribute to extending the duration of peak oil production, expected to drop sharply in the next few years from a current average daily production rate of 2.6m barrels.

The policy has been eased in an attempt to stimulate activity off Norway, Europe's biggest oil producer, which faces stiff competition from regions elsewhere in the world for oil company investment, which was set to plunge next year from an average annual NKr30bn. In response the government has scrapped the so-called sliding scale arrangement, which allows the state to increase its direct shareholding in all licences that may contain undiscovered resources and for all discoveries in the Barents Sea.

The top level of the sliding scale arrangement allows a direct state interest of up to 75 per cent in fields and implies that the oil companies have to cover a larger share of exploration costs than is indicated by their shareholdings.

The policy changes also call for the state to relinquish rights to participate in fields with less that 50m tonnes of oil equivalent assumed discovered reserves.

The state will also consider reduction or disposal of its shareholdings in small fields and for the 15th licensing round may decide not to participate in new licences which are due to be awarded next year.

Barbados seeks force majeure on sugar for EU

By Canute James

Barbados is seeking to declare force majeure" on it sugar shipments to the European Union because of the drought-hit island's inability to fulfil its 1994-95 quota. Because of the dry weather the 1995 harvest will yield less than 40,000 tonnes of raws, according to Mr Rawle Eastmond, the agriculture minister.

"Barbados will not be able to satisfy its sugar quota with the European Union of approximately 54,000 tonnes, as production is projected to be possibly below 40,000 tonnes," be stated.

The government, which is raising US$22.5m to restructure the industry, is preparing to apply for force majeure under the relevant provisions of the Sugar Protocol of the Lomé trade and aid convention, the minister said. If this application is accepted the Barbadian quota will not be reduced in subsequent years.

Barbados produced 51,400 tonnes of sugar in the 1994 harvest, 5,000 less than in 1993, according to official figures. The island has been unable to fulfil its US quota of 7,500 tonnes of raws for "several" years, because of declining production, and is supporting proposals from its colleagues in the Caribbean Community (Caricom) for a joint US sugar quota, Mr Eastmond said.

Caricom is seeking a combined quota from the US so that shortfalls by any one member can be met by others within the group. "If such a proposal is agreed to by the US officials, then Barbados should still be able to benefit from this quota system when we return to our production target of between 65,000 tonnes and 70,000 tonnes per year," the agriculture minister said.

The money being raised for the financially troubled industry will come from bonds floated by Citibank of Trinidad and Tobago, and from a loan from the Caribbean Development Bank, said Mr Owen Arthur, the prime minister of Barbados. He said the industry needed at least $30m.

The present restructuring of the sugar industry might well be the last, said Mr Arthur. "If this fails, the consequences could be dire."

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1819-20	1841.5-2.0
Previous	1794-5	1817-8
High/low	1825	1853/1830
AM Official	1825.5-6.0	1846.5-7.0
Kerb close		1846-7
Open int.	260,333	
Total daily turnover	71,415	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1785-95	1820-5
Previous	1750-60	1785-95
High/low		1825/1815
AM Official	1790-800	1825-30
Kerb close		1820-30
Open int.	2,794	
Total daily turnover	316	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	658-9	671-2
Previous	656.5-7.5	670.5-1.5
High/low		674/671
AM Official	657.5-8.5	672-2.5
Kerb close		671-2
Open int.	42,828	
Total daily turnover	7,379	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7235-45	7355-60
Previous	7205-15	7320-5
High/low	7265	7430/7318
AM Official	7260-5	7380-5
Kerb close		7315-20
Open int.	66,550	
Total daily turnover	12,547	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5820-30	5900-10
Previous	5660-70	5745-50
High/low		5870/5770
AM Official	5690-700	5770-80
Kerb close		5955-65
Open int.	18,293	
Total daily turnover	7,584	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1107-8	1129-30
[illegible]	[illegible]	[illegible]

■ COPPER, grade A ($ per tonne)

[illegible]

■ HIGH GRADE COPPER (COMEX)

[illegible]

PRECIOUS METALS

■ LONDON BULLION MARKET

[illegible]

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Oct	389.7	-0.6	390.0	389.5	34	29
Nov	388.8	-0.6	-	-	-	-
Dec	390.2	-0.6	392.0	389.4	80,319	31,451
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

[illegible]

■ CRUDE OIL IPE ($/barrel)

[illegible]

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

[illegible]

■ GAS OIL IPE ($/tonne)

[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	105.10	+0.05	105.25	105.25	1,037	58
Jan	107.15	-	-	-	1,985	-
Mar	109.20	-0.05	109.65	109.20	1,583	24
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

[illegible]

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	224.3	-0.5	226.0	224.5	1,439	25
May	240.0	-	-	-	-	-
Jun	167.5	-	-	-	-	-
Total					1,498	25

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Oct	1875	-	1870	1870	341	4
Nov	1800	-15	1830	1790	253	103
Dec	1713	-22	1735	1700	1,054	114
Jan	1646	-32	1662	1650	903	197
Apr	1608	-32	1640	1602	142	49
Jul	1432	-38	1440	1440	462	5
Total					3,178	472

	Close	Prev
BFI	1874	1873

Wool

The wool price rise continued and accelerated this week. Superfine merinos, now coming up for auction more widely in Australia, met with good demand from Italy, the leading world operator in this field. Prices for finer merino fleece throughout the wool market recovery, now well over a year old, have risen relatively more than other categories, and show no signs of losing ground. With the wool market recovering healthily after a brief setback towards the end of September, sales of Australian stockpile wool have also improved, and the schedule fixed by the government is filled well into 1995. Buying interest in the wool-using industry is not at present said to be buoyant though steady business and good rates of activity continue. The Australian Eastern states market indicator closed at 802 cents a kg, compared with 782 a week ago.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	969	+10	968	950	20,715	1,931
Mar	987	+7	987	981	41,138	3,804
May	997	+8	1006	992	14,414	355
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ COFFEE LCE ($/tonne)

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE ($/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

[illegible]

■ CRB Futures (Base: 1967=100)

[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Dec	69.825	+0.100	70.150	69.525	7	2
Feb	68.825	+0.125	68.975	68.250	30,700	5,467
Apr	69.050	+0.225	69.350	68.700	20,185	2,559
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

[illegible]

LONDON TRADED OPTIONS

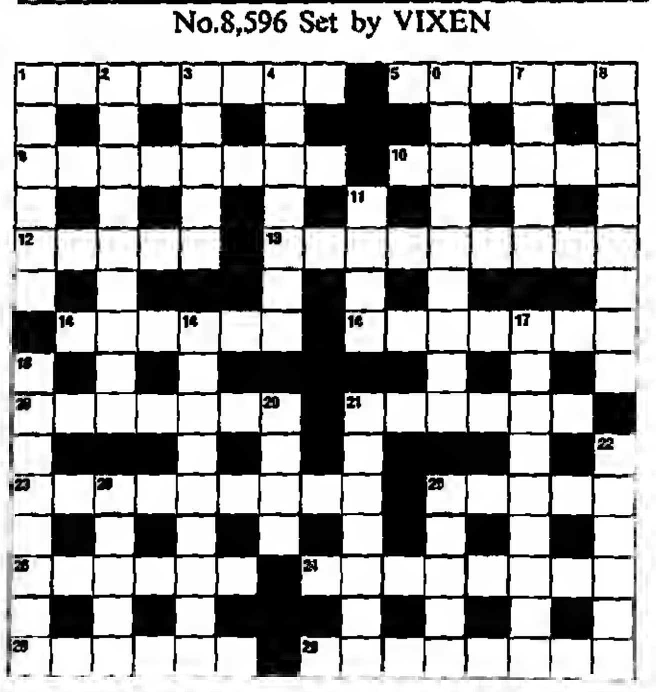
[illegible]

LONDON SPOT MARKETS

[illegible]

CROSSWORD

No.8,596 Set by VIXEN



ACROSS

1 They face up to work with models (8)
5 The woman hit back – taken in charge (6)
9 Ranges in order people's incomes (8)
10 To stop some controversial parades is thought best (6)
12 3 left to make a stand (5)
13 Most injudicious – in America anyway (9)
14 The floor is of stone in animal-housing (6)
16 A stoppage e compulsive worker finds very hard (7)
19 Stood up and scoffed, looking somewhat pink (7)
21 May 2 dance (3-3)
23 A speculator – quite possibly he tries to acquire gold (9)
25 Father giving a light slap with little hesitation (6)
26 Sum for which a doctor's been let in by a relation (6)
27 Ill-written screed – it makes one wary (8)
28 A great city in ancient times, though not quite the greatest (6)
29 A soldier's going around the art-gallery causes alarm (8)

DOWN

1 Having nothing to write, a journalist expanded (6)
2 Hangers-on mounting a strike over places offered (9)
3 A good man, not fit yet (5)
4 Like the queen getting allergy treated (7)
6 Contemplates exercise for a personal problem (3-6)
7 The absentee's excuse (5)
8 Making an admission about feed appeal (8)
11 A gaol-bird turning up for a celebration (4)
15 Give e new set back – a variety of items (9)
17 Meant to transform the exterior of some home (9)
18 Continue with professional dissertation (8)
20 The point will be seen in time, as this shows (4)
21 Sport for twisters? (7)
22 Free rag – it's not charged for (6)
24 The day before is about all right to call up (5)
25 A bit of embroidery can land a firm in a hole! (5)

Solution 8,595

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Bonds lead the stock market to a strong close

By Terry Byland,
UK Stock Markets Editor

The London stock market yesterday turned in its first convincingly positive session this week as good performances from US and European bonds set the scene for the US gross domestic product data due from Washington this afternoon. The FT-SE 100 Share Index comfortably regained the 3,000 mark, trading volume remained poor and there were hints that a leading UK investment bank will cut staff today.

A strong lead from the stock index futures market and from British government bonds drove the stock market to the day's peak at the close. The final reading showed the FT-SE 100 Index at 3,029.6, with a net gain of 29.7.

The rebound was something of a surprise. Indeed, the market was 6 *points off on the Footsie scale* in early deals as traders shied away from any continuation of the weakness at the close of the previous session. The mood turned as German bunds turned higher after the deputy president of the Bundesbank *suggested* that *the German central* bank might soon return to variable rate repos.

Although warned not to do so, markets took this as a bullish sign, and were not put off by the expected decision at the Bundesbank's policy meeting to leave key rates unchanged, nor by the announcement that this week's repo would be at a fixed rate.

The stock market climbed steadily during the first half of the session, with individual companies providing a number of features. Good results from ICI had been well *discounted in the marketplace* and profit-takers cut into the share price following the boardroom announcement.

But the impending flotation of BSkyB continued to help shares in the stakeholders and the flow of *higher corporate profits from US* companies continued, with Shell Transport and Trading very firm following the trading statement from Shell Oil.

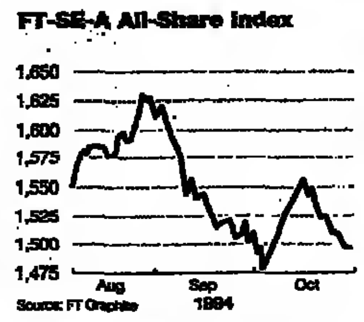
The final boost came when the US Federal bond market opened higher, taking the Dow Jones Industrial Average up by 12 points in UK trading hours. The gain in the Footsie was quickly extended from 16 points at mid-afternoon to its closing gain of nearly 30 points. The final hour of trading saw share prices rising rapidly as marketmakers faced an unexpected demand for stock and hurried round the market, searching topping up their own trading books which have been kept on very tight reins for the past few weeks.

The FT-SE Mid 250 Index more than recovered its fall of the previ*ous session, closing 12.9 higher at* 3,480.1. While pleasantly surprised by the market's resilience in recapturing the Footsie 3,000 mark so convincingly, analysts remained cautious ahead of today's US GDP number. US third-quarter growth is expected to be around 2.5 per cent, according to UK based strategists; a higher figure will inevitably revive concerns about inflation, the dollar and the attitude of the Federal Reserve, and revive speculation in London regarding the timing of the next base rate hike.

The wider concern of the UK stock market is the lack of equity business and yesterday's volume figures emphasised the dearth of business. Seaq volume of 507.2m shares showed a further fall of around 3 per cent. The day's total of bargains booked in shares, at just over *21,000, remained barely two* thirds of the average for the past two years.

Low turnover is taking its toll not only of confidence at stockbroking firms, where commission income is at risk, but also in the daily marketplace. Volatility in share prices has reflected unwillingness of marketmakers to run positions in such a thinly-traded market. This has increased the influence of the stock index futures arena, which is often accused of driving the underlying stock market.

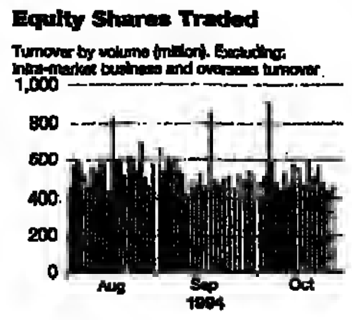
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover.



■ Key Indicators

Indices and ratios

FT-SE 100	3029.6	+29.7	FT Ordinary Index	2310.8	+12.3
FT-SE Mid 250	3480.1	+12.9	FT-SE-A Non Fins p/e	18.54	(18.40)
FT-SE-A 350	1521.2	+12.8	FT-SE100 Fut Dec	3042.0	+49.0
FT-SE-A All-Share	1508.35	+11.75	10 yr Gilt yield	8.85	(9.02)
FT-SE-A All-Share yield	4.00	(4.03)	Long gilt/equity yld ratio:	2.22	(2.23)

Best performing sectors		Worst performing sectors	
1 Tobacco	+3.2	1 Engineering, Vehicles	-0.8
2 Extractive Inds	+1.5	2 Household Goods	-0.3
3 Banks	+1.5	3 Electronic & Elec Eqpt	-0.3
4 Telecommunications	+1.4	4 Retailers, General	-0.3
5 Gas Distribution	+1.3	5 Chemicals	-0.2

Hints of Hydro move

Rumours swept the market late yesterday that Scottish Hydro had called a meeting of analysts for this morning, triggering speculation that it may announce it will accept the terms of the recent regulatory review rather than ask for a referral to the Monopolies and Mergers Commission.

*Hydro shares underper*formed the rest of the electricity stocks as the rumours circulated, closing unchanged at 313p, contrasting with a 7 gain to 349p in Scottish Power and good gains in the English generators.

Hydro shares have underperformed the market by 10 per cent since the Offer review last month, as some analysts have adopted the view that the package would damage Hydro's dividend growth prospects.

ICI lower

Chemicals giant ICI came up with some very solid figures yesterday but the market wanted *something extra and* reacted accordingly when it didn't get it.

Analysts had expected the profits between £120m and £145m. The final figure was £143m accompanied with a meeting generally acknowledged to be positive. Analysts upgraded forecasts but marketmakers had generally been long of stock and the surplus saw the shares fall 13½ to 786½p with 4.6m traded.

The reaction was much as anticipated following strong outperformance against the broad market over the past six months. But there were divided views afterwards. James Capel, which has a top *of the range forecast of £520m* for the full year, reiterated its view that "the market is already discounting very strong profit growth".

Airways active

British Airways was the most actively traded Footsie constituent, turning over 13m shares and falling steeply in the wake of a placing of a large line of stock and persistent bearish comment on the outlook for 25 per cent-owned USAir.

BA shares tumbled 11½ to 352½p for a two-day decline of some 5 per cent. The interim statement is due on November *8 and worries about a possible* write-off of part of the group's £275m investment in loss-ridden USAir are likely to continue to the run up to the results announcement.

The big problem for BA yesterday though was block trades of 4.4m and 2.7m shares at 346½p and 349p respectively which crossed the screens in mid-afternoon. Talk in the market was that S.G. Warburg had handled the deals and been left holding a large line of stock.

Position-taking in BA was also reflected in substantial traded option business.

Irish debut

The transformation of Irish Permanent from Ireland's biggest building society to a bank was completed yesterday, with shares in the group making a sparkling debut simulta*neously in Dublin and London.*

In a move almost a mirror image of that carried out some years ago by Abbey National, Irish Permanent shares were given to borrowers and lenders and priced at 180p in the Republic of Ireland, the equivalent of 180p sterling.

The flotation was organised jointly by Riada, the Irish stockbroker, and Hoare Govett.

After opening at 208p the shares raced ahead to touch a high of 217p before closing at 215p. Turnover reached 6.1m shares with dealers reporting aggressive demand for the shares from Ireland and the UK.

Excellent third-quarter figures from Shell Oil, the Royal Dutch/Shell subsidiary, triggered a bout of strong support for Shell Transport stock from both sides of the Atlantic. At the close Shell were 11½ higher at 711½p after turnover of 3.9m shares. Analysts moved to upgrade forecasts for Shell Transport after the Shell Oil numbers, its best third-quarter results since 1985.

"We're upgrading our recommendation on Shell from hold to buy," said Mr John Toalster at Strauss Turnbull. "There is a feeling of confidence about Shell; they're tackling the problem areas, such as chemicals, and the recovery in the group is gathering momentum," the Strauss analyst said.

BP was rather left behind by Shell, the shares edging up only 2½ to 415p on 7.2m traded.

Airports group BAA rose 11 to 503p following a reassuring *note from NatWest Securities* which attempts to put the Heathrow subsidence problems into perspective.

Heathrow accounted for 59 per cent of passengers handled by BAA last year and 68 per *cent of operating profits.* NatWest says the disruption is squeezing spending levels but sees higher spending at other BAA airports as a cushion as traffic switches.

Second quarter results are due November 7.

Media conglomerate Pearson was a strong performer on the back of broker presentations regarding the impending flotation of satellite broadcaster BSkyB, in which Pearson has a significant stake. The shares jumped 18 to 613p.

Reuters Holdings slipped 3 to 447p ahead of third-quarter revenue figures due today.

International advertising group WPP jumped 4 to 109p on heavier turnover than normal of 7.8m shares with S.G. Warburg recommending the stock.

Medava jumped 15 and closed 9 better at 174p after announcing it had won the right to continue development of its hepatitis B vaccine following a judgment by the Court of Appeal that Biogen's patent is invalid in the UK.

Drinks group Allied Domecq advanced 13 to 587p following the announcement of talks aimed at selling its Dutch brewing operations helped refocus attention on the potentially much bigger disposal of Allied's food manufacturing business.

Best known for its Tetley tea-bags, the food division accounted for more than a tenth of group trading profits last year.

A number of potential buyers are being pencilled in by *the stock market, notably the* Dalgety and Irish group Kerry which is said to be keen to acquire DCA, Allied's US supplier of bakery mixes and equipment.

Elsewhere in the drinks sector, Bass continued to gain ground, adding 6 to 547p for a three day gain of almost 4 per cent. In contrast, Greenalls shed 4 to 405p. High street fashion chain Next rose 6 to 241p as Morgan Stanley reiterated its strong buy stance.

MARKET REPORTERS:
Steve Thompson,
Peter John,
Jeffrey Brown.

■ Other statistics, Page 27

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (19).
GILTS (1) BUILDING & CNSTRN (2) Shorco, Wiggins, DISTRIBUTORS (1) Ideal Hardware, ELECTRNC & ELECT EQUP (2) Magnum Power, Nokia, HEALTH CARE (1) Seton Healthcare, HOUSEHOLD GOODS (1) Osborne & Little, INVESTMENT TRUSTS (1) IGS Optimum Inc, Zero Div., OIL EXPLORATION & PROD (1) Gulfstream Resources Canada, OTHER FINANCIAL (2) Edinburgh Fund Managers, Jupiter Tyndall, OTHER SERVS & BUSNS (1) Anglo-East Plants., PRTNG, PAPER & PACKG (1) Jarvis Porter, SUPPORT SERVS (1) Sema, TRANSPORT (1) GRT,
NEW LOWS (114).
GILTS (5) BANKS (2) Mitsubishi, Sumitomo, BUILDING & CNSTRN (3) AMEC, Bellwinch, Raine, BLDG MATLS & MCHTS (3) Caradon 7¼p Prf., Redland, Rugby, CHEMICALS (2) Engelhard, Kalon, DISTRIBUTORS (8) Caffyns, Cowerdale, Central Motor Auctions, EW Fact, Farnell, Headlam, Wholesale Fittings, Young (H), DIVERSIFIED INDLS (3) BTR Wts. 1998, Cannon Street, Kvaerner AS B, ELECTRICITY (1) Scott. Hydro, ELECTRNC & ELECT EQUP (4) Delta, GEC, Johnson Electric, Process Systems, ENGINEERING (7) ENG. VEHICLES (1) BSG Int'l., FOOD MANUF (1) Bensons Crisps, HEALTH CARE (2) AAH, Biocure, HOUSEHOLD GOODS (1) Fine Decor, INSURANCE (6) INVESTMENT TRUSTS (15) INVESTMENT COMPANIES (6) LEISURE & HOTELS (3) Airtours 8¾p Pf., Ladbroke, Sinclair (Wm), LIFE ASSURANCE (1) Lincoln Nat'l. Corp., MEDIA (6) EMAP, Intereurope Tech., Midland Ind. News., Portsmouth & Sunderland, Sleepy Kids, MERCHANT BANKS (1) Wintrust, OTHER FINANCIAL (3) Exco, Intrum Justitia, Union, OTHER SERVS & BUSNS (1) Cape Range, PHARMACEUTICALS (1) Chiroscience, PRTNG, PAPER & PACKG (5) Bemrose, Bilton, Lawson Mardon, Plysu, Waco Spc Prf., PROPERTY (5) Chesterton Int'l., Derwent Valley, London & Metropolitan, Savills, Stough Ests. 8½p Prf., RETAILERS, FOOD (1) Shoprite, RETAILERS, GENERAL (4) Blacks Leisure, Country Casuals, Liberty, Mallett, SUPPORT SERVS (4) ACT, McDonnell Info., Novo, Vistec, TEXTILES & APPAREL (6) Alexandra Workwear, Coats Viyella, Hartstone, Lister, Shiloh, TRANSPORT (1) Mayne Nickless, AMERICANS (7).

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures pushed ahead strongly to reverse a four-day run of declines but activity remained low, *writes Jeffrey Brown.*

The FT-SE 100 December contract was 3,042 at the official 4:10 close, up 49 *points. This was a 14-point* premium to the cash market and right in line with current fair value.

The upsurge mostly followed *the rally in German bonds and* the better tone on Wall Street, and traders have begun to speculate on an immediate move for the contract above 3,050.

The best of the day was 3,047, *reached towards the* end of business. Some of the more optimistic traders were beginning to see the recovery as an overture to the long awaited Christmas rally.

The disappointing aspect of the day was the lack of genuine business with institutional activity negligible and most of the day's turnover generated by locals, independent traders.

There were 11,044 contracts, broadly in line with the previous day's 10,594. This was substantially below last week's average of 13,500.

Traded options fell significantly short of the previous day with 20,877 lots against 53,080. FT-SE and Euro FT-SE trading accounted for just over 11,000 lots.

British Airways was the most heavily traded individual stock option with 1,377 lots.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3006.0	3042.0	+49.0	3047.0	3005.0	12925	53621
Mar	-	3062.0	+48.0	-	-	6	3629
Jun	3055.0	3085.5	+30.5	3055.0	3052.0	60	6

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3465.0	3470.0	+5.0	3465.0	3460.0	52	4216

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	-	3470.0	-	-	-	-	0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3028) £10 per full index point

	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P
Nov	197½	11	155	16	115	25½	79½	40½	50½	61½	29½	92½	16	130	6	174½
Dec	216½	25	178	37	142½	52	111	69	81½	90½	61	119½	42	151	28	188½
Jan	241	38	206	51½	170	66	140½	86½	116	107½	88½	134½	69½	163½	47	196½
Feb	255½	50½	218	63½	183	79	154	99	125	119½	102	146½	80	176½	61½	209½
Jun†			285½	86½			285½	128½			159½	177			119	235

Calls 4,272 Puts 2,038

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P
Nov	176	12	133	18	95½	31½	65	50½	40	75½	23	108	12	147	6½	191
Dec	194½	29	158½	40½	122½	56	93	76½	66½	101	48½	130½	32½	164½	19½	201
Jan			179	61			118½	30			75	144			44	211½
Mar			216½	77			151	114½			102	163½			64½	223½
Jun†			254	100			194½	136½			143	181			101	235

Calls 86 Puts 5,225 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3400	3450	3500	3550	3600	3650	3700	3750
Oct		128⅛	82¼	100¾	84½	77⅜	110½	

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	368	319	+2½
ASDA Group†	2,800	61½	
Abbey National†	1,500	412½	+6½
Albert Fisher	940	44	
Allied Domecq†	1,500	587	+13
Anglian Water	493	535	+11
Argos	83	325	+1
Argyll Group†	2,800	259	+3
Arjo Wiggins†	2,300	260	+7

FT - SE Actuaries Share Indices — The UK Series

	Oct 27	Day's chge%	Oct 26	Oct 25	Oct 24	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3029.6	+1.0	2999.9	3000.9	3029.1	3163.0	4.15	7.17	16.47	110.69	1149.50
FT-SE Mid 250	3480.1	+0.4	3467.2	3474.6	3500.2	3582.4	3.60	5.86	20.59	109.90	1299.43
FT-SE Mid 250 ex Inv Trusts	3479.1	+0.4	3466.1	3474.9	3498.5	3632.9	3.76	6.34	19.18	113.37	1296.40
FT-SE-A 350	1521.2	+0.8	1508.4	1509.5	1523.0	1578.2	4.05	6.87	17.27	53.77	1180.33
FT-SE SmallCap	1774.16		1774.10	1775.97	1786.20	1803.89	3.34	5.01	25.16	48.85	1360.14
FT-SE SmallCap ex Inv Trusts	1746.65		1747.44	1749.78	1756.34	1767.46	3.54	5.57	22.98	50.71	1382.98
FT-SE-A ALL-SHARE	1508.35	+0.8	1496.60	1497.74	1510.76	1582.82	4.00	6.74	17.57	52.60	1190.40

■ FT-SE Actuaries All-Share

■ Hourly movements

■ FT-SE Actuaries 350 Industry baskets

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Domecq	550	49	56½	64½	8	16	25½
(*587)	600	19	30½	36½	33	39	51

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Hanson	220	18½	15	18	4½	15½	14½
(*224)	240	2	8	9	17½	22½	25

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	62	1	5
Other Fixed Interest	*2*	6	12
Mineral Extraction	49	61	86
General Manufacturers	112	136	389
Consumer Goods	31	31	125
Services	71	89	341
Utilities	29	4	12
Financials	76	88	201
Investment Trusts	102	46	317
Others	40	37	36
Totals	*574*	*487*	*1529*

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

Calls: Air Lon., Asprey, Aviva Pet., BTR Wts '97, Do. '98', Bellwinch, Bullers, Crossroads Oil, Glencar, Hanson Wts., Hibernian, MR Data, Marine & Merc., NSM, NHL Pf., Ovoca Res., P & P, Tullow. Puts: Crossroads Oil, Hibernia, MR Data, *Marine & Merc., NSM, Ovoca Res., Shoprite, Puts & Calls: Aviva Pet., Utd. Energy*

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

FINANCIAL TIMES EQUITY INDICES

FT GOLD MINES INDEX

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£21⅞	+⅛	£25⅞	£19⅔	6,427	5.2	Φ
ANZ A$		173	+2	259¾	171	2,302	5.2	27.2
Abbey National	†N□	412½	+6½	523	380½	5,412	4.7	13.0
Allied Irish I£	♣†N□	248	+4	314	223	1,953	5.1	9.5
Anglo Irish I£	N□	88	—	*70	50	198.6	7.4	10.6
Asahi Y	□	891¾	+3½	819¼	628	18,051	0.8	Φ
Banco Bil Viz Pta	□	815⅞	—⅛	815⅞	214½	3,996	0.1	7.3
Banco Sant Pta		£28⅛	—	*£30½	£23¼	4,288	5.0	0.9
Bk Ireland I£	♣□	278	+4	*319	246	1,318	4.7	5.6
Bank Scotland	♣†N□	198½xd	+4	247	172½	2,293	3.4	11.1
9¼pc Pf		108¼xd	+⅛	141½	108	186.2	18.6	—
9¾pc Pf		111½xd	+¼	148½	111¼	111.5	18.8	—
Barclays	♣†N□	575	+6	640	487	9,395	5.8	17.7
Dai Ichi Kan Y	□	£11½	+½	£12⅞	£10⅞	34,659	5.5	—
Deutsche DM	□	£282¼	—3⅜	£344¼	£270⅛	13,917	2.0	—
Espirito Santo	□	£8⅞	—⅛	*£13⅛	£8⅞	189.4	4.1	4.0
First Nat Fin	N□	65	+3	*90	60	114.8	5.5	—
6.3pc Cv Pf		71	—	*90	71	4.77	11.1	—
7pc Cv Pf		125½	—	171	123	93.8	7.0	—
Fuji Bank Y	□	1345½	—8½	1540¼	1152½	38,977	9.4	Φ
HSBC HK	†N□	713xd	+1½	1123	680	12,477	4.3	10.3
HSBC (75p Shs)	†N□	711xd	+11½	1113	660	6,950	4.9	10.3
Lloyds	†N□	582	+6	660	519	7,198	6.8	10.9
Mitsubishi Y	□	£15⅛	—⅛	£18⅞	£15⅛	43,846	0.4	Φ
Mits Tst & Bk Y	□	942¼	+6	1162¼	887½	11,289	0.8	15.1
Mitsui Tst & Bk Y	□	702¼	—7½	879	514	8,418	0.8	23.9
Nat Aust A$	†	482	+4	620¼	472	6,452	6.8	10.6
NatWest	†N□	486	+4	622	421	8,318	5.8	0.9
Ottomane FFr		£21¼	—	£33	£21¼	108.8	6.7	Φ
Ryl Bk Scotland	♣†N□	425	+2	528	377½	3,404	5.8	19.2
Sakura Y	□	£8⅛	—	£9⅛	£8⅛	27,471	5.8	51.6
Sanwa Y	□	£12⅛	+⅛	815⅞	£11⅞	38,743	6.4	—
Standard Chartd	†N□	286xd	+8	*359¼	223	2,784	2.6	0.8
7 3/8pc Prf		84¾	+½	108½	82¾	84.8	16.9	—
Sumitomo Y	□	811⅛	—⅛	218⅛	211⅛	36,627	0.9	24.3
Sumitomo Tst Y	□	895½	—1½	1148½	625	11,013	5.8	Φ
TSB	†N□	217½	+4	261	197	3,329	4.8	11.0
Tokai Y	□	£7½	—⅛	£9	£6⅞	16,232	0.8	47.2
Toyo Tst & Bk Y	□	702¼	+2	862	596¼	5,522	9.7	62.6
Westpac A$		202	+1½	290	194	3,678	2.7	Φ
Yasuda Tst Bk Y	♣□	545	—10½	658	442	6,013	5.8	46.5

CHEMICALS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
AGA SKr	□	258	—½	*273	£48	616.1	15.0	2.8
Akzo Fl	□	£73½	—⅛	882⅛	262⅛	3,395	3.2	16.4
Allied Colloids	†N□	124½	+1	*180½	115½	708.8	5.8	31.8
Amber Ind	N	760	—	780	705	30.5	3.2	16.2
BASF DM	□	£124⅛	—1⅛	£140⅛	£106⅛	7,270	7.5	—
BOC	♣N□	681	+2	767	627	3,255	4.9	28.7
BTP	♣N□	290	—	*373	286	403.9	4.2	10.8
Bayer DM	□	£139⅛	+⅛	8148⅛	8129⅛	9,280	6.8	—
Brent	N□	115½xd	+1	131	98	78.0	4.5	—
British Vita	†N□	236xd	—	309	219	610.9	4.0	17.8
Cambridge Iso S	♣	19	—	25	18	2.46	—	—
Canning (W)	♣N□	162xd	—	199	161	61.0	5.0	30.8
Camentoni	♣N	30	—	109	48	12.1	5.1	25.3
Warrants		18	—	48	18	6.16	—	—
Courtaulds	N□	439	+6	590	429	1,769	4.2	35.4
Croda	†N□	354xd	—1	399	327	493.3	3.0	15.6
Doeflex	♣N	130xd	—	142	95	14.4	4.2	16.4
Engelhard $		814⅛	—⅛	£20⅞	214⅛	1,346	1.0	—
European Colour	♣N□	61½	—	62	35½	18.5	2.3	22.0
Gibbon Lyons	♣N	139	—	149	132	12.9	4.8	10.9
Hickson	♣N□	149xd	—	223	148	280.3	6.8	13.3
Hoechst DM	□	£128⅛	—2⅛	£153⅞	£108⅞	7,599	6.7	—
Holliday Chemical	†N□	217	—	*250	163¼	223.9	2.6	17.7
ICI	N□	786½	—12½	868	728	5,664	4.4	53.5
Inspec	□	214xd	—	232	178	182.8	2.0	35.2
Kalon	♣†N□	140½	—½	191½	148	395.1	0.9	15.6
Laporte	♣†N□	690xd	+3	843	663	1,320	5.0	17.4
MTM	♣Z□	61	—	48	48	38.1	0.8	—
Manders	N□	308xd	—1	405	302	122.3	4.1	15.0
McLeod Russel	N□	196	—	167	130	65.9	7.6	17.1
Metrotect Inds	♣N□	103	+1	128	99	24.8	4.2	13.6
Perstorp SKr	□	£22⅞	—⅛	£32⅛	£20⅞	118.8	1.7	28.9
Porvair	♣†N	299	+2	349	205	44.6	1.0	21.3
Scapa	♣N□	203½	—2½	272	186	483.1	5.8	17.4
Sutcliffe Speak	♣N□	34	—	86	81	19.2	1.8	20.2
Wardle Storeys	N□	411	—	460	381	102.3	6.2	21.5
Wellington	W□	193xd	—	228	193	45.6	5.0	15.0
Wolstenholme	♣†N	785xd	—	823	570	88.1	5.8	18.4
Yorkshire	♣†N□	306	—	*403	380	180.9	2.8	17.2
Yule Catto	†N□	284xd	—	*336	258	282.9	2.9	21.1

DISTRIBUTORS

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

Approved by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+ or -	1994 high	1994 low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan □	101½	—	120	88	–	100.0	-1.5
Warrants □	47	—	66	47	–	–	–
Personal Assets	597xd	—	596	579	2.8	546.0	-1.8
PDFM Inv N□	129	—	153	124	1.8	124.0	-1.6
Warrants □	44	—	65	40½	–	–	–
Piper Euro Smlr □	94	-1	96	21	–	99.7	-4.6
Warrants □	41	—	42	33	–	–	–
Primadona N	270	—	293	261	3.1	298.2	8.8
Ptarmigan Inl ♣N□	222	—	276	205	1.8	235.4	5.7
Warrants	61	—	140	76	–	–	–
RIT Capital ♣N□	170	—	180	164½	1.1	211.8	17.2
2½pc Cv Ln 2000	£175	—	£188½	£170½	1.4	–	–
Radiotrust	70	—	86	60	–	71.8	1.8
Rights & Iss Inc KN	155	—	164	153	7.3	–	–
Cap N	478	+5	545	440	2.3	535.6	10.6
Riv & Merc Am Inc N	104xd	—	121	104	9.4	–	–
Cap □	29	—	66	29	–	39.3	26.2
Warrants	14	—	17	13	–	–	–
Riv & Mer Ext N□	92xd	—	147	91	10.8	98.8	7.9
Warrants	23	—	40	21	–	–	–
Zero Div Pf	168	—	118½	165	–	–	–
Riv & Mer Geared N	87	—	116	86	11.8	–	–
Prtg Cap 1999	28	—	35	23	–	32.9	14.9
Riv & Merc Smlr N□	122xd	+1	170	116	4.2	135.7	10.1
Warrants	37	—	77	61	–	–	–
Riv & Merc Tst Inc N□	114	—	127	112½	10.1	–	–
Cap □	122	—	185	118	–	181.8	32.8
Warrants	27	-1	48	27	–	–	–
Do. Stepd Prf N	149xd	+½	165	144	3.6	–	–
River Plate Inc N□	108	—	113	106	10.8	–	–
Cap □	79	—	118	78	–	117.7	35.4
Warrants	2¾	—	21	2¼	–	–	–
Zero Div Pf	96¾	—	98¾	93¼	–	–	–
St Andrew KN	305	—	343	290	3.2	313.3	2.6
St David's Inc KN	141	—	148	124	13.3	–	–
Cap	173	+1	223	168	–	241.2	28.7
Zero Prf	148	—	161½	142½	–	–	–
Scottish Value □	85	—	98	81	–	90.6	6.1
Warrants □	24	—	42	20	–	–	–
SPLIT Inc N	171	—	279	170	24.5	–	–
Cap	1110	+7	1226	1055	–	1259.2	11.7
Schroder UK Gwth □	88½	—	96	86	–	89.0	2.8
Warrants □	36	—	40	33	–	–	–
Schroder Japan Gwth □	89½	+1½	90	87	–	88.1	-3.8
Warrants □	43	-½	58	42	–	–	–
Schroder Split Inc ‡N□	109	—	129	108	6.5	–	–

SOUTH AFRICANS

Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind	229½	—	230	£13½	1,923	2.5	21.9
Barlow Z	541½	—	251½	£34½	969.0	9.7	–
Gold Flds Prop R	118xd	—	128	75	12.1	7.7	ϕ
MK Props	85	—	65	85	3.92	12.3	–
SASOL ♥	567	—	592	280	3,224	2.4	–
SA Brews	£14½	—	215¼	£16	3,580	1.8	23.5
Tiger Oats †	728	—	838	538	1,094	2.2	15.4
Tongaat-Hulett b	695	—	*695	368¼	833.4	1.8	19.4

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✲ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- ‖ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◊ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ϕ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
k Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings

v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.

N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xt ex capital distribution.

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT2651. Ring 081-770 0770 (open 24 hours including weekends) or Fax 081-770 3822. If calling from outside the UK, ring +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent the next working day, subject to availability.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, international) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda

[illegible]

Jupiter Tyndall (Bermuda) Ltd

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

Lazard Freres Asset Management (CI) Ltd
PO Box 275, St Peter Port, Guernsey, CI 0481 710461

Lazard Fund Mngrs (Channel Islands) Ltd
PO Box 275, St Peter Port, Guernsey, C.I. 0481 710461

Lazard Select Investment Trust Ltd

Lloyds Intl Money Market Fund Ltd
Sarnia Hse, Le Truchot, St Peter Port 0481 724983

Lloyds Bank Fund Managers (Guernsey) Ltd

M & G (Guernsey) Ltd
Westbourne, The Grange, St Peter Port 0481 722883

Prudential Fund Managers (Guernsey) Ltd

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars.
Yields % allow for all buying expenses.
Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Cancellation price - The minimum redemption price.
Bid price - Redemption price.
Offer price - Issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols.
(☆) - 0001 to 1100 hours
(♦) - 1101 to 1400 hours
(▲) - 1401 to 1700 hours
(#) - 1701 to midnight.
H - Historic pricing
F - Forward pricing
§ - Distribution free of UK taxes
p - Periodic premium insurance plans
s - Single premium insurance.
a - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities)
x - Offered price includes all expenses except agent's commission.
z - Previous day's price.
⊕ - Guernsey gross.
♦ - Yield before Jersey tax.
† - Ex-subdivision.
‡ - Only available to charitable bodies
◊ - Yield column shows annualised rates of NAV increase.
xd - Ex-dividend.

CURRENCIES AND MONEY

MARKETS REPORT

Markets watch krona after Riksbank raises rates

The Swedish krona was again in the spotlight yesterday after the central bank's decision to lift interest rates by 20 basis points, *writes Philip Gawith.*

The decision to raise the key repo rate to 7.4 per cent, which had been well flagged, had a mixed reception, and the krona finished lower on the day. It closed in London at SKr4.741 against the D-Mark from SKr4.723. The trading range for the day was SKr4.7290-SKr4.7510.

Elsewhere, there were few surprises when the Bundesbank council decided to leave its official rates unchanged – the discount rate at 4½% per cent, the Lombard rate at 6 per cent – and to fix the repo rate at 4.85 per cent for a further two weeks.

The dollar had a quiet day ahead of today's closely watched third quarter GDP release. It closed in London at DM1.4972 and Y96.895, from DM1.4953 and Y97.035. The US currency is now experiencing increasing difficulty breaking above the DM1.50 level again.

Sterling rose by more than a pfennig to close at DM2.4519 from DM2.4412. Against the dollar it finished at $1.6377 from $1.6326. The trade weighted index finished at 80.8, up from 80.5.

■ The Riksbank last increased the repo rate, from 6.92 per cent to 7.2 per cent, on August 11. A combination of surprise, and the announcement being linked to currency weakness, then caused the market to sell the krona down to SKr5, from SKr4.94.

The krona has recently been firmer, mainly as a result of market optimism that the Swedes will vote "yes" to joining the European Union in a referendum on November 13. Signs that the government intends to rein in spending have also helped the currency.

Contrary to the August move, when the market was not sure why rates were being increased, Mr Jeremy Hawkins, chief economist at the Bank of America in London, said this time "the justification for raising rates is certainly there." Capacity utilisation figures are on a rising trend, and producer prices are growing at a 5 per cent year on year rate.

Mr Hawkins said the rate rise was potentially a double-edged sword, because higher interest rates mean a higher interest bill for the government, putting further strain on the public sector borrowing requirement which the market is already worried about.

"The Swedish krona is going to have to go through a potentially protracted period of undervaluation until the budget is addressed," said Mr Hawkins.

Mr Pater Luxton, international economist at MMS, said the Riksbank's decision, coming soon after its recomposition, was "astute". In Sweden, the make-up of the central bank board reflects the distribution of political power in the country. There had been some concern that with a social democrat government replacing a more right-wing outgoing government, monatary policy might be more lax.

Mr Luxton, however, said: "This latest move reinforces the independence and credibility of the Swedish central bank."

■ Part of the "Kiwi" dollar's strength is attributable to the firmer Australian dollar which has been strong in recent days on the back of interest rates being raised earlier this week.

The currency also has independent strength, however, as a result of buoyant commodity prices, one of the best growth performances in the industrialised world and a central bank with considerable market credibility.

The Reserve Bank last month raised the effective exchange rate index ceiling to 60, up from 59.2 in March and 57.5 before that. The exchange rate is the anchor of monetary policy and short-term interest rates are set at levels consistent with these targets.

Lifting the index is an acknowledgement by the central bank of potential price pressures, with an appreciation in the nominal exchange rate a way of countering them.

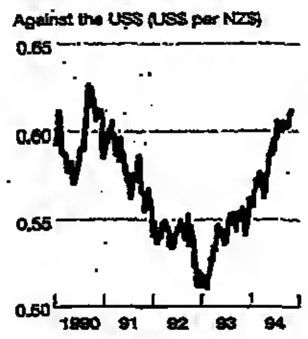
Mr Hawkins said the stronger currency was probably in part due to the market anticipating higher rates, in the wake of the Australian move.

■ Overnight money traded between 3 and 6 per cent as the Bank of England cleared a £1.55bn daily shortage in the UK money markets. Three month LIBOR was unchanged at 6 per cent.

In the futures market, prices firmed across the board following bullish inflation comments from the chancellor and the governor of the Bank of England. The March short sterling contract closed at 92.66, from 92.60.

New Zealand dollar

Against the US$ (US$ per NZ$)



Source: Datastream

■ **Pound in New York**

Oct 27	Latest	Prev. close
£ spot	1.6379	1.6385
1 mth	1.6373	1.6378
3 mth	1.6368	1.6373
1 yr	1.6262	1.6265

■ **OTHER CURRENCIES**

Oct 27	£	$
Hungary	172.828 - 173.044	105.550 - 105.850
Iran	2857.00 - 2860.00	1748.00 - 1750.00
Kuwait	0.4852 - 0.4861	0.2963 - 0.2968
Poland	37594.7 - 37638.9	22950.0 - 22980.0
Russia	5014.85 - 5021.20	3062.00 - 3066.00
U.A.E.	6.0022 - 6.0142	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Oct 27		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.2453	+0.0382	385 - 520	17.2633	17.1809	17.2409	0.3	17.2281	0.4	-	-	115.4
Belgium	(BFr)	50.3987	+0.1716	828 - 146	50.4710	50.1860	50.3687	0.7	50.3137	0.7	49.8587	1.1	117.3
Denmark	(DKr)	6.5803	+0.047	763 - 842	9.5853	9.5289	9.5755	0.6	9.5943	-0.6	6.6238	-0.5	117.3
Finland	(FM)	7.4426	+0.0381	335 - 519	7.4600	7.4040	-	-	-	-	-	-	89.5
France	(FFr)	8.3917	+0.0368	879 - 954	8.3968	8.3496	8.3923	-0.1	8.3852	0.3	8.3185	0.9	110.7
Germany	(DM)	2.4516	+0.0108	510 - 528	2.4539	2.4395	2.4507	0.6	2.447	0.8	2.4137	1.6	126.6
Greece	(Dr)	377.692	+1.307	552 - 831	378.405	375.190	-	-	-	-	-	-	-
Ireland	(I£)	1.0161	+0.0051	144 - 157	1.0162	1.0116	1.0149	0.2	1.0145	0.2	1.0164	-0.1	105.7
Italy	(L)	2503.15	+9.06	195 - 435	2505.74	2495.20	2509.05	-2.6	2520.05	-2.7	2568.25	-2.6	74.8
Luxembourg	(LFr)	50.3987	+0.1716	828 - 146	50.4710	50.1860	50.3687	0.7	50.3137	0.7	49.8587	1.1	117.3
Netherlands	(Fl)	2.7483	+0.012	471 - 495	2.7495	2.7326	2.7471	0.5	2.7431	0.8	2.7078	1.5	121.1
Norway	(NKr)	10.6570	+0.0462	529 - 611	10.6647	10.6072	10.6565	0.1	10.6598	-0.1	10.6606	0.0	88.5
Portugal	(Es)	250.397	+1.108	277 - 517	250.534	249.235	252.127	-8.3	255.307	-7.8	-	-	-
Spain	(Pta)	203.880	+0.816	791 - 968	204.016	203.212	204.225	-2.0	209.285	-10.6	207.4	-1.7	88.1
Sweden	(SKr)	11.6214	+0.0616	116 - 312	11.6446	11.5096	11.6424	-2.2	11.6894	-2.3	11.8774	-2.2	78.7
Switzerland	(SFr)	2.0487	+0.0089	476 - 498	2.0499	2.0339	2.0456	1.8	2.039	1.9	1.9968	2.5	122.6
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.6
Ecu	-	1.2851	+0.0039	844 - 858	1.2862	1.2805	1.285	0.1	1.285	0.0	1.2791	0.5	-
SDR†	-	0.912102	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6371	+0.0046	367 - 374	1.6416	1.6355	-	-	-	-	-	-	-
Brazil	(R)	1.3929	-0.0021	916 - 939	1.3973	1.3914	-	-	-	-	-	-	-
Canada	(C$)	2.2089	-0.0096	080 - 097	2.2132	2.2053	2.208	0.5	2.2064	0.4	2.1997	0.4	87.0
Mexico	(New Peso)	5.6131	+0.0224	097 - 164	5.6225	5.6078	-	-	-	-	-	-	-
USA	($)	1.6377	+0.0051	374 - 379	1.6416	1.6354	1.637	0.5	1.6364	0.3	1.6255	0.7	60.7
Pacific/Middle East/Africa													
Australia	(A$)	2.2034	+0.0042	023 - 044	2.2109	2.2005	2.2033	0.0	2.2047	-0.2	2.2229	-0.9	-
Hong Kong	(HK$)	12.6552	+0.0396	524 - 579	12.6843	12.6384	12.6461	0.9	12.6411	0.4	12.5706	0.7	-
India	(Rs)	51.3977	+0.1846	816 - 137	51.5220	51.3070	-	-	-	-	-	-	-
Japan	(Y)	158.680	+0.265	615 - 745	158.880	158.110	158.25	3.3	157.255	3.6	151.9	4.3	189.5
Malaysia	(M$)	4.1785	+0.0134	770 - 799	4.1869	4.1677	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6655	+0.0035	629 - 680	2.6736	2.6615	2.6694	-1.8	2.6772	-1.8	2.6995	-1.3	-
Philippines	(Peso)	40.7775	+0.1269	894 - 656	40.8700	40.6875	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.1433	+0.0195	419 - 446	6.1575	6.1349	-	-	-	-	-	-	-
Singapore	(S$)	2.4074	+0.0034	062 - 085	2.4132	2.4051	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.7314	+0.0189	293 - 335	5.7407	5.7190	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5261	+0.0938	087 - 434	6.5442	6.4790	-	-	-	-	-	-	-
South Korea	(Won)	1305.37	+3.82	501 - 573	1308.36	1303.90	-	-	-	-	-	-	-
Taiwan	(T$)	42.6788	+0.1223	690 - 886	42.7785	42.6278	-	-	-	-	-	-	-
Thailand	(Bt)	40.7619	+0.095	483 - 755	40.8530	40.7110	-	-	-	-	-	-	-

†SDR rates for Oct 26. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 27		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.5305	-0.0085	280 - 330	10.5410	10.5030	10.5305	0.0	10.5303	0.0	10.4555	0.7	104.6
Belgium	(BFr)	30.7750	+0.009	700 - 800	30.7950	30.6950	30.775	0.0	30.745	0.4	30.675	0.3	106.2
Denmark	(DKr)	5.8500	+0.0105	485 - 515	5.8515	5.8245	5.8542	-0.9	5.8815	-0.8	5.897	-0.8	105.7
Finland	(FM)	4.5447	+0.0092	398 - 495	4.5510	4.5272	4.546	-0.3	4.5407	0.4	4.5457	0.0	84.0
France	(FFr)	5.1242	+0.0085	227 - 257	5.1285	5.1070	5.126	-0.4	5.1242	0.0	5.1177	0.1	107.0
Germany	(D)	1.4972	+0.0019	969 - 975	1.4980	1.4915	1.4973	-0.1	1.4954	0.5	1.4849	0.8	107.4
Greece	(Dr)	230.630	+0.08	580 - 680	230.700	229.180	230.92	-1.5	231.455	-1.4	233.805	-1.4	68.4
Ireland	(I£)	1.6134	-0.003	126 - 141	1.6177	1.6112	1.6133	0.0	1.6135	0.0	1.6004	0.8	-
Italy	(L)	1528.50	+0.77	800 - 900	1529.25	1525.00	1532.75	-3.3	1540	-3.0	1580	-3.4	75.1
Luxembourg	(LFr)	30.7750	+0.009	700 - 800	30.7950	30.6950	30.775	0.0	30.745	0.4	30.675	0.3	106.2
Netherlands	(Fl)	1.6782	+0.0021	777 - 787	1.6787	1.6718	1.6783	-0.1	1.6764	0.4	1.6659	0.7	105.9
Norway	(NKr)	6.5075	+0.008	060 - 090	6.5120	6.4824	6.5107	-0.6	6.5235	-1.0	6.5572	-0.8	96.6
Portugal	(Es)	152.900	+0.2	850 - 950	152.950	152.450	153.475	-4.5	154.6	-4.4	158.85	-3.6	95.3
Spain	(Pta)	124.495	-0.01	460 - 530	124.530	124.160	124.76	-2.6	123.77	2.3	127.595	-2.5	81.0
Sweden	(SKr)	7.0964	+0.028	915 - 013	7.1013	7.0352	7.1106	-2.4	7.1384	-2.4	7.2724	-2.5	82.3
Switzerland	(SFr)	1.2510	+0.0015	505 - 515	1.2515	1.2440	1.2487	1.3	1.246	1.8	1.2284	1.8	109.2
UK	(£)	1.6377	+0.0051	374 - 379	1.6416	1.6354	1.637	0.5	1.6364	0.3	1.6255	0.7	89.9
Ecu	-	1.2743	-	738 - 748	1.2772	1.2735	1.2736	0.7	1.2733	0.3	1.2708	0.3	-
SDR†	-	1.49063	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9997	-0.0003	996 - 997	0.9997	0.9995	-	-	-	-	-	-	-
Brazil	(R)	0.8505	-0.004	500 - 510	0.8530	0.8500	-	-	-	-	-	-	-
Canada	(C$)	1.3488	+0.0016	485 - 491	1.3493	1.3480	1.3488	0.0	1.3484	0.1	1.3538	-0.4	83.8
Mexico	(New Peso)	3.4275	+0.003	260 - 290	3.4290	3.4260	3.4285	-0.4	3.4303	-0.3	3.4377	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	93.6
Pacific/Middle East/Africa													
Australia	(A$)	1.3455	-0.0016	450 - 459	1.3492	1.3450	1.3458	-0.2	1.3465	-0.3	1.3538	-0.6	85.4
Hong Kong	(HK$)	7.7276	-0.0001	271 - 281	7.7281	7.7270	7.7267	0.1	7.7263	0.1	7.7361	-0.1	-
India	(Rs)	31.3850	+0.015	800 - 900	31.4050	31.3725	31.47	-3.2	31.615	-2.9	-	-	-
Japan	(Y)	96.8950	-0.14	700 - 200	97.0300	96.6000	96.675	2.7	96.095	3.3	93.45	3.6	150.3
Malaysia	(M$)	2.5515	+0.0002	510 - 520	2.5520	2.5475	2.5423	4.3	2.531	3.2	2.6045	-2.1	-
New Zealand	(NZ$)	1.6276	-0.003	263 - 289	1.6337	1.6263	1.6285	-0.7	1.6304	-0.7	1.6357	-0.5	-
Philippines	(Peso)	24.9000	-	500 - 500	24.9500	24.8000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7513	+0.0002	313 - 515	3.7515	3.7510	3.7526	-0.4	3.7567	-0.6	3.7753	-0.6	-
Singapore	(S$)	1.4700	-0.0025	695 - 705	1.4715	1.4695	1.4687	1.1	1.4668	0.9	1.46	0.7	-
S Africa (Com.)	(R)	3.4998	-0.0005	990 - 005	3.5005	3.4965	3.5153	-5.3	3.5436	-5.0	3.6203	-3.4	-
S Africa (Fin.)	(R)	3.9850	+0.045	750 - 950	3.9950	3.9600	4.0187	-10.2	4.0775	-9.3	-	-	-
South Korea	(Won)	797.100	-0.15	000 - 200	797.400	797.000	800.1	-4.5	803.6	-3.3	822.1	-3.1	-
Taiwan	(T$)	26.0610	-0.0065	590 - 630	26.0655	26.0550	26.081	-0.9	26.121	-0.9	-	-	-
Thailand	(Bt)	24.8905	-0.0195	860 - 950	24.8950	24.8860	24.963	-3.5	25.0905	-3.2	25.5705	-2.7	-

†SDR rate for Oct 26. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 26. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

October 27	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	4⅞	5¼	5⅛	6¼	7.40	4.50	-
week ago	4⅞	4⅞	5⅛	5½	6⅛	7.40	4.50	-
France	5⅜	5⅛	5⅜	5⅞	6⅜	5.00	-	6.75
week ago	5⅜	5⅛	5⅜	5⅞	6⅛	5.00	-	6.75
Germany	4.68	4.95	5.15	5.30	5.65	6.00	4.50	4.85
week ago	4.85	4.95	5.15	5.25	5.58	6.00	4.50	4.85
Ireland	5⅛	5¼	5⅞	6⅛	7⅛	-	-	6.25
week ago	4⅞	5¼	5⅞	6⅛	7⅛	-	-	6.25
Italy	8¼	8¼	8⅞	8⅞	10⅛	-	7.50	8.20
week ago	8⅛	8¼	8⅜	8⅝	10⅛	-	7.50	8.20
Netherlands	4.84	4.96	5.16	5.34	5.74	-	5.25	-
week ago	4.84	4.96	5.16	5.30	5.67	-	5.25	-
Switzerland	3⅞	3⅞	4	4½	4⅝	6.625	3.50	-
week ago	3⅞	3⅞	4½	4⅛	4⅞	6.625	3.50	-
US	4⅞	4⅞	5⅜	5⅞	6½	-	4.00	-
week ago	4⅞	4⅞	5½	5⅜	6⅛	-	4.00	-
Japan	2⅛	2¼	2⅛	2⅛	2⅜	-	1.75	-
week ago	2¼	2¼	2⅜	2½	2⅞	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	5	5⅞	6	6⅞	-	-	-
week ago	-	6	5⅜	5⅞	6¾	-	-	-
US Dollar CDs	-	4.86	5.35	5.71	6.31	-	-	-
week ago	-	4.88	5.27	5.64	6.25	-	-	-
SDR Linked Ds	-	3¾	5⅛	3¾	4	-	-	-
week ago	-	3½	3⅛	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅜; 3 mths: 5⅞; 6 mths: 6⅛; 1 year: 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 27	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4⅞ - 4 11/16	4 13/16 - 4 11/16	5 - 4⅞	5¼ - 5⅛	5⅜ - 5 5/16	6⅜ - 6¼
Danish Krone	6¼ - 5	5¾ - 5½	5⅞ - 5¾	6½ - 6¼	6⅞ - 6⅝	7⅞ - 7⅝
D-Mark	4 13/16 - 4 11/16	4⅞ - 4¾	4 13/16 - 4 11/16	5 3/16 - 5 1/16	5 5/16 - 5 3/16	5 13/16 - 5 11/16
Dutch Guilder	5 - 4⅞	5 - 4⅞	5 - 4⅞	5⅜ - 5⅛	5⅜ - 5¼	5¾ - 5⅝
French Franc	5⅜ - 5¼	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5⅝ - 6½	5⅞ - 5¾	6⅝ - 6¼
Portuguese Esc.	6 - 6⅞	9⅛ - 5⅞	9½ - 9¼	10⅛ - 9⅞	10⅜ - 10⅛	10½ - 10¼
Spanish Peseta	7½ - 7⅜	7½ - 7⅜	7⅞ - 7 11/16	7 13/16 - 7 11/16	8⅜ - 8 5/16	9⅛ - 8 13/16
Sterling	5⅝ - 5⅜	5⅛ - 4⅞	5 3/16 - 5 1/16	6 - 5⅞	6 5/16 - 6 3/16	7⅜ - 7¼
Swiss Franc	3⅛ - 3	3 7/16 - 3 5/16	3 9/16 - 3 7/16	3 13/16 - 3 11/16	4 3/16 - 4 1/16	4⅝ - 4½
Can. Dollar	5⅛ - 4 15/16	5 1/16 - 4⅞	5 3/16 - 4 15/16	5½ - 6⅜	6 1/16 - 5 15/16	6⅞ - 6¾
US Dollar	4¾ - 4⅝	4 13/16 - 4 11/16	5 - 4⅞	5 13/16 - 5 11/16	6 - 5⅞	6 9/16 - 6 7/16
Italian Lira	9 - 7½	8¼ - 8⅛	8¼ - 8⅛	8 13/16 - 8 11/16	9 5/16 - 9 3/16	10⅛ - 10
Yen	2 5/16 - 2 3/16	2 5/16 - 2 3/16	2 5/16 - 2¼	2⅜ - 2 5/16	2½ - 2 7/16	2 11/16 - 2⅝
Asian $Sing	1⅞ - 1¾	1⅞ - 1¾	2 7/16 - 2 5/16	3 7/16 - 3 5/16	3⅝ - 3½	4 - 3⅞

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.23	94.27	+0.06	94.27	94.20	21,403	54,003
Mar	93.74	93.79	+0.07	93.81	93.71	12,540	37,539
Jun	93.33	93.36	+0.06	93.38	93.32	9,143	29,484
Sep	92.95	92.97	+0.07	92.97	92.90	3,646	19,316

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **THREE MONTH EUROLIRA INT. RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	95.48	95.52	+0.07	95.52	95.47	3500	17500
Jun	95.08	95.10	+0.07	95.09	95.05	214	5245
Sep	94.73	94.73	-0.08	94.74	94.71	27	1768

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.84	93.87	-0.07	93.86	93.80	911	7590
Mar	93.35	93.38	+0.07	93.41	93.32	642	6800
Jun	92.81	92.86	+0.09	92.86	92.79	355	3832
Sep	92.33	92.37	-0.08	92.37	92.31	431	2336

* LIFFE futures traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 27		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.01	16.85	4.864	2.014	4967	5.453	21.14	496.7	404.4	23.06	4.064	1.985	4.382	3.251	314.7	2.550
Denmark	(DKr)	52.60	10	8.759	2.558	1.059	2613	2.868	11.12	261.3	212.7	12.13	2.138	1.044	2.305	1.710	165.6	1.341
France	(FFr)	60.05	11.42	10	2.921	1.210	2983	3.275	12.69	298.3	242.9	13.85	2.441	1.192	2.631	1.952	189.0	1.531
Germany	(DM)	20.56	3.909	3.424	1	0.414	1021	1.121	4.346	102.1	83.13	4.741	0.836	0.408	0.901	0.668	64.71	0.524
Ireland	(I£)	49.65	9.438	8.267	2.415	1	2466	2.707	10.49	246.6	200.8	11.45	2.018	0.985	2.175	1.614	156.3	1.266
Italy	(L)	2.013	0.383	0.335	0.098	0.041	100.	0.110	0.425	10.00	8.142	0.464	0.082	0.040	0.088	0.065	6.336	0.051
Netherlands	(Fl)	18.34	3.486	3.053	0.892	0.369	910.8	1	3.876	91.08	74.16	4.229	0.745	0.364	0.803	0.596	57.71	0.468
Norway	(NKr)	47.31	8.995	7.879	2.301	0.953	2350	2.580	10	235.0	191.4	10.91	1.923	0.939	2.073	1.538	148.9	1.207
Portugal	(Es)	20.13	3.827	3.352	0.979	0.406	1000	1.098	4.255	100.	81.42	4.642	0.818	0.400	0.882	0.654	63.36	0.513
Spain	(Pta)	24.73	4.701	4.117	1.203	0.498	1228	1.348	5.228	122.8	100.	5.702	1.005	0.491	1.083	0.804	77.82	0.631
Sweden	(SKr)	43.36	8.244	7.221	2.109	0.873	2154	2.365	9.165	215.4	175.4	10	1.762	0.861	1.900	1.410	136.5	1.106
Switzerland	(SFr)	24.60	4.678	4.097	1.197	0.496	1222	1.342	5.200	122.2	99.51	5.674	1	0.488	1.078	0.800	77.44	0.627
UK	(£)	50.38	9.580	8.391	2.451	1.016	2503	2.748	10.65	250.5	203.8	11.62	2.048	1	2.208	1.638	158.6	1.285
Canada	(C$)	22.82	4.339	3.800	1.110	0.460	1134	1.245	4.823	113.4	92.30	5.263	0.928	0.453	1	0.742	71.83	0.582
US	($)	30.76	5.849	5.123	1.498	0.620	1528	1.678	6.502	152.8	124.4	7.094	1.250	0.611	1.348	1	96.83	0.784
Japan	(Y)	31.77	6.040	5.291	1.545	0.640	1578	1.733	6.715	157.8	128.5	7.327	1.291	0.631	1.392	1.033	100.	0.810
Ecu		39.21	7.456	6.530	1.907	0.790	1948	2.139	8.288	194.8	158.6	9.043	1.594	0.778	1.716	1.275	123.4	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6710	0.6685	-0.0016	0.6712	0.6681	32,462	86,307
Mar	0.6723	0.6701	-0.0016	0.6723	0.6696	130	4,586
Jun	-	0.5716	-	-	0.6716	1	615

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0370	1.0364	-0.0002	1.0382	1.0351	17,454	60,542
Mar	1.0468	1.0452	+0.0001	1.0470	1.0452	209	7,000
Jun	-	1.0554	-	-	-	279	716

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8058	0.8020	-0.0034	0.8067	0.8015	17,990	41,225
Mar	0.8070	0.8055	-0.0034	0.8070	0.8056	135	1,527
Jun	0.8100	0.8100	-0.0030	0.8100	0.8096	25	150

■ **STERLING FUTURES** (IMM) $62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6370	1.6360	-0.0004	1.6378	1.6338	12,095	44,905
Mar	1.6340	1.6360	-0.0008	1.6360	1.6330	100	528
Jun	-	1.6310	-	-	1.6300	1	9

UK INTEREST RATES

LONDON MONEY RATES

Oct 27	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local authority deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 months	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
9350	0.16	0.06	0.09	0.14	0.90	1.57
9375	0.07	0.03	0.05	0.28	1.12	1.79
9400	0.02	0.01	0.03	0.48	1.35	2.01

Est. vol. total, Calls 9919 Puts 5486. Previous day's open int., Calls 335124 Puts 198661

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

[illegible]

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

[illegible]

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

[illegible]

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

[illegible]

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

[illegible]

BASE LENDING RATES

	%
Adam & Company	5.75
Allied Trust Bank	5.75
AIB Bank	5.75
●Henry Ansbacher	5.75
Bank of Baroda	5.75
Banco Bilbao Vizcaya	5.75
Bank of Cyprus	5.75
Bank of Ireland	5.75
Bank of India	5.75
Bank of Scotland	5.75
Barclays Bank	5.75
Brit Bk of Mid East	5.75
●Brown Shipley & Co Ltd	5.75
CL Bank Nederland	5.75
Citibank NA	5.75
Clydesdale Bank	5.75
The Co-operative Bank	5.75
Coutts & Co	5.75
Credit Lyonnais	5.75
Cyprus Popular Bank	5.75
Duncan Lawrie	5.75
Exeter Bank Limited	6.75
Financial & Gen Bank	6.5
●Robert Fleming & Co	5.75
Girobank	5.75
●Guinness Mahon	5.75
Habib Bank AG Zurich	5.75
●Hambros Bank	5.75
Heritable & Gen Inv Bk	5.75
●Hill Samuel	5.75
C. Hoare & Co	5.75
Hongkong & Shanghai	5.75
Julian Hodge Bank	5.75
●Leopold Joseph & Sons	5.75
Lloyds Bank	5.75
Meghraj Bank Ltd	5.75
Midland Bank	5.75
* Mount Banking	6
NatWestminster	5.75
●Rea Brothers	5.75
* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	9
Royal Bk of Scotland	5.75
●Smith & Williamson Secs	5.75
TSB	5.75
●United Bk of Kuwait	5.75
Unity Trust Bank Plc	5.75
Western Trust	5.75
Whiteaway Laidlaw	5.75
Yorkshire Bank	5.75

● Members of London Investment Banking Association
* In administration

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Oct 27 / Sch)

BELGIUM/LUXEMBOURG (Oct 27 / Frs.)

DENMARK (Oct 27 / Kr)

FINLAND (Oct 27 / Mks)

FRANCE (Oct 27 / Frs.)

GERMANY (Oct 27 / Dm.)

ITALY (Oct 27 / Lire)

NETHERLANDS (Oct 27 / Fls.)

NORWAY (Oct 27 / Kroner)

SPAIN (Oct 27 / Pts.)

SWEDEN (Oct 27 / Kronor)

SWITZERLAND (Oct 27 / Frs.)

PACIFIC

JAPAN (Oct 27 / Yen)

HONG KONG (Oct 27 / H.K.$)

MALAYSIA (Oct 27 / MYR)

SINGAPORE (Oct 27 / S$)

AUSTRALIA (Oct 27 / Aust$)

NORTH AMERICA

CANADA

TORONTO (Oct 27 / Can $) 4 pm close

MONTREAL (Oct 27 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Oct 27 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE
You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT896. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822. If calling from outside the UK, dial +44 81 770 0770 or fax +44 81 770 3822. Reports will be sent on the next working day, subject to availability.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, October 27, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	10.0m	394	+2	Mitsubishi Elec	2.3m	723	-2
Sumitomo Mtl	4.0m	354	+10	NKK	2.2m	291	+4
Mitsubishi Oil	4.0m	1020	-40	Matsushita	2.2m	1580	-10
Pacific Mtls	3.2m	505	+7	Sharp	2.1m	1790	+10
Kawasaki Steel	2.7m	442	+5	Nomura Secs	2.1m	1980	-20

INDICES

	Oct 27	Oct 26	Oct 25	1994 High		1994 Low	
Taiwan Weighted Pr.(30/6/66)**	6594.97	6695.87	(c)	7191.13	30/9	5194.63	19/3
Thailand Bangkok SET (30/4/75)	1501.73	1514.07	1501.68	1753.73	4/1	1196.59	4/4
Turkey Istanbul Comp.(Jan 1986)	24856.4	24808.5	24734.7	28663.60	13/1	12966.76	24/6
WORLD MS Capital Int (1/1/70)$	632.9*	630.6	630.2	644.00	2/9	591.89	4/4
CROSS-BORDER Eurotrack 100(26/10/90)	1303.20	1300.71	1298.00	1546.19	31/1	1286.48	5/10
Euro Top-100 (26/6/90)	1154.30	1148.32	1145.40	1311.01	2/2	1138.48	5/10
JCapeDrgnt (31/12/88)	(u)	333.45	333.10	395.19	5/1	250.20	21/3
Barings Emerg.(7/1/92)	180.89	180.77	181.16	191.79	28/9	141.85	21/4
Japan Nikkei 225 (16/5/49)	19798.36	19746.35	19732.15	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	287.14	288.60	286.82	311.71	13/6	268.22	4/1
Topix (4/1/68)	1568.44	1568.94	1568.40	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2194.74	2194.69	2190.52	2542.86	6/7	1873.33	4/1
Malaysia KLSE Comp.(4/4/86)	1101.74	1105.54	1102.23	1314.46	5/1	928.33	4/4

** Sat Oct 22: Taiwan Weighted Price 6770.96; Korea Comp Ex 1088.90. Base values of all Indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Oct 27 - 2026.97 +16.82

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Oct	1848.0	1858.0	+25.0	1859.0	1837.0	40,938	17,986
Nov	1855.0	1865.0	+25.0	1965.0	1846.0	17,405	15,536
Dec	1864.0	1874.0	+25.0	1872.5	1853.0	2,098	26,813

Open interest figures for previous day.

US INDICES

Dow Jones	Oct 27	Oct 26	Oct 25	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3875.15	3848.23	3850.59	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	95.16	95.16	95.34	105.01 (21/1)	95.16 (26/10)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1495.32	1470.87	1474.13	1862.29 (2/2)	1438.50 (8/10)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	178.16	177.04	177.63	227.86 (3/1)	175.85 (20/9)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3893.39 (3891.87) Low 3834.44 (3818.81) (Theoretical♦)
Day's high 3875.15 (3870.10) Low 3848.23 (3837.47) (Actual♦)

Standard and Poors	Oct 27	Oct 26	Oct 25	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	465.84	462.62	461.53	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	554.40	551.13	549.72	580.83 (15/9)	510.05 (21/4)	580.83 (15/9/94)	3.62 (21/6/32)
Financial	42.91	42.42	42.28	46.94 (14/9)	41.39 (4/4)	48.40 (25/8/93)	8.64 (1/10/74)
NYSE Comp.	255.57	253.91	253.51	267.71 (2/2)	245.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	455.09	453.53	452.85	487.89 (2/2)	422.67 (20/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	767.46	763.24	758.26	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Oct 21	Oct 14	Oct 7	Year ago
Dow Jones Ind. Div. Yield	2.72	2.71	2.79	2.79
	Oct 26	Oct 19	Oct 12	Year ago
S & P Ind. Div. yield	2.39	2.38	2.37	2.42
S & P Ind. P/E ratio	20.82	21.11	20.91	26.51

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	463.35	467.20	+3.85	467.50	463.00	73,307	222,494
Mar	467.95	470.40	+3.90	470.45	466.60	590	12,287
Jun	472.90	474.25	+4.00	474.40	472.00	39	3,095

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Sprint	5,402,000	32¼	-⅛
Ford Motor	4,384,600	29	-⅛
Gen Motors	4,011,100	40⅛	-¼
Micron	3,502,900	39⅛	+1
Telefonos	3,191,500	58⅛	+⅛
Pitney Bowes	3,017,500	32⅝	-⅝
Citicorp	2,786,500	45⅝	+1⅝
RJR Nabisco	2,706,200	7	...
Philip Morris	2,654,500	64⅛	+⅛
YPF	2,628,400	23⅝	+⅛

■ TRADING ACTIVITY

● Volume (million)	Oct 27	Oct 26	Oct 25
New York SE	327.816	322.628	326.102
Amex	23.474	16.043	17.294
NASDAQ	(u)	283.253	273.493
NYSE			
Issues Traded	2,875	2,885	2,887
Rises	1,260	977	791
Falls	888	1,218	1,411
Unchanged	688	688	685
New Highs	44	10	16
New Lows	173	191	235

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close October 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17⅞	12¼	AAR x	0.48	3.9	20	126	12½	12⅜	12⅜	
17¼	12⅝	A L Labs A	0.18	1.8	40	273	u17½	16¾	17⅜	+⅝
79⅝	57⅝	AMP	1.68	2.2	25	3094	17¼	76	78⅛	-⅝
72¾	48⅛	AMR			62	6758	53⅞	61⅛	52¾	+1⅞
5	3⅜	ARX			12	104	3⅞	3⅝	3¾	+⅛
58⅛	38⅝	ASA	2.00	4.1	32	654	49⅞	48⅞	48⅞	-¾
32	25⅝	AbbtL	0.76	2.5	18	6385	30⅞	30¼	30⅞	+⅞
16¼	11⅞	Abitibi Pr	0.50	3.8	11	715	13¼	13⅜	13⅛	+⅛
23⅝	17¾	ABM Ind	0.52	2.5		171	20¾	20⅛	20¾	+⅝
18	11⅛	Acptncaln			26	145	16⅝	16¼	16⅝	+⅛
31	22¼	ACE Ltd	0.44	2.0	28	319	22½	d22¼	22½	
12½	9¼	ACM Gvt In	1.08	11.7		301	9½	9⅜	9⅝	
10⅛	7	ACM GvOpp	0.80	11.0		231	7½	7¼	7¼	
10⅝	7	ACM Gvt Sp	0.96	13.5		106	7⅜	7⅛	7⅛	-⅛
12	8⅛	ACM Gvt Se	1.09	13.3		984	8½	d8¼	8¼	-⅛
11¼	7⅞	ACM Man	1.08	13.3		182	8¼	8⅛	8⅛	-⅛
9¼	8	ACM Managd	0.72	8.9		285	8¼	8⅛	8⅛	
15½	6¾	AcmeCly	0.44	3.3	18	11	13⅛	13⅜	13⅜	
13⅝	6½	Acme Elect			9	121	11⅞	11	11¼	-¼
28¼	23	Acordia	0.60	2.2	13	5	27⅝	27⅝	27⅝	-⅞
13⅞	5¾	Actava	0.36	3.8	3	932	9⅛	9	9⅛	
17	11¼	Acuson			130	1850	u17¼	16½	17	+½
18⅞	16½	Adams Exp	0.48	2.8	0	69	17½	17	17⅛	+⅛
64	46½	Ad Micro	3.00	5.5		18	54¼	53¾	54¼	+⅞
21¾	16¾	AdvMc	3.00	11.7	11	14084	25⅞	24¾	25¾	+1¼
9⅞	5	Advest Grp	0.16	3.0	0	5	5¼	5¼	5¼	
20	15	Advo Inc	0.10	0.6	120	189	18¼	18	18	-⅛
63¼	49⅞	Aegon ADR	1.47	2.3	14	10	u64	62⅞	63¾	+1¼
85¾	44⅝	AetnaL x	2.76	6.1	8	2032	45⅞	44¾	45¼	+¼
28¼	25¾	Aflac	0.46	1.4	14	1656	33⅞	33⅛	33¾	+1½
22¾	16⅝	Ahmson	0.88	4.7	13	1095	18⅞	18½	18⅞	+¾
4	1⅞	Aileen Inc			1	46	1⅞	1⅞	1⅞	

Continued on next page

NYSE COMPOSITE PRICES

4 pm close October 27

Continued from previous page

[illegible]

NASDAQ NATIONAL MARKET

4 pm close October 27

[illegible]

AMEX COMPOSITE PRICES

4 pm close October 27

[illegible]

AMERICA

Dow recovers in advance of economic data

Wall Street

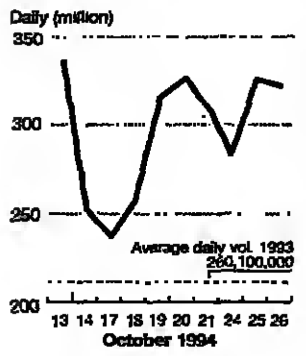
After five losing sessions in a row, US share prices improved yesterday morning, as the bond markst firmed ahead of today's economic data, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 14.47 higher at 3,862.70, while the more broadly based Standard & Poor's 500 was up 2.13 at 464.74. On the NYSE, advances had an 11-to-eight edge on declines by early afternoon, in fairly heavy volume of 197m shares.

In the other leading markets, the American SE composite was 1.02 better at 454.55, and the Nasdaq composite was up 3.27 to 766.48.

Bargain hunters were finally

NYSE volume



lured into the market after five days in which the Dow industrials retreated by about 88 points. But the advance was modest, as many investors preferred to wait until after today's initial estimate of third-quarter economic growth before making fresh commitments.

In general, the tone remained negative, with most economists having revised their forecasts upwards for gross domestic product in the three months to the end of September, to a moderate 3 per cent. Expectations of a mid-November move by the Federal Reserve to lift rates again, and a cautious mood in bonds continued to restrain any enthusiasm among equity investors.

Yesterday, the Treasury market showed half-hearted signs of life, with traders squaring their positions ahead of the GDP data. But the gains, supported by slight improvement by the dollar against the yen and D-Mark, were modest, at best.

The day's only economic news was s dip in last week's initial claims for unemployment benefit. The data – a snapshot of conditions in the employment market – bad some inflationary implications, but it was not particularly convincing when viewed in isolation.

A fresh batch of earnings news provided some grist for the mill, allowing most stocks to grind higher as the morning progressed.

Airline stocks wers in demand, amid more signs that the US industry may have turned a corner in the third quarter in its quest for financial stability.

UAL, parent of United Airlines, climbed $1⅞ to $87¼, while Delta Air Lines was marked up $1⅞ to $48½, both on better-than-expected performances. AMR, parent of American, sdded $1⅞ to $52⅞, having posted strong results earlier in the reporting season.

By contrast, Dow Chemical added just $⅜ to $73¼, even altbough third-quartsr sales had climbed to their second highest level in the company's history, and net income of $1.04 a share was 25 per cent better than Wall Street had anticipated.

Allied-Signal, a diversified industrial group, receded $⅜ to $84⅞ after matching the consensus forecast of 67 cents a share.

Xerox, down $3⅞ to $104½, suffered a setback even though its results were much better than analysts had expected.

Pitney Bowes, the world's largest manufacturer of postal meters, dropped $1⅛ to $32⅞. Its results statement included details of a restructuring plan which would eliminate 2,000 jobs.

In banking, Citicorp gained $1⅝ to $46⅞ on a published report whicb commented favourably on the stock's growth potential.

Canada

Toronto stocks were slightly higher at midsession with Placer Dome shedding C$¾ to C$30¼ after reporting a slight improvement in third quarter profits.

The TSE 300 composite index was up 1.41 at 4,261.36 in volume of 45.7m shares valued at C$634.3m.

Advances led declines by 308 to 262 with 284 issues flat.

Falling precious metals shares muted solid gains in energy, conglomerates and consumer products.

The gold and silver group fell 155.50, or 1.5 per cent, to 10,204.08 as gold prices fell back.

Mexico

Equities were lower at midday on a fall in Telmex shares on New York.

The IPC index was off 27.73 or 1.08 per cent, at 2,550.65.

Volume was low at 33.3m shares, with Telmex accounting for almost 16m.

Telmex was down $1¼ at $56¼ on Wall Street, while in Mexico its L shares were off 2 per cent and its A shares were off 1.8 per cent.

S African golds gain

Shares in Johannesburg were firmer with strong gains seen particularly among gold sector stocks.

The overall index finished 28 higher at 5,735, the industrial index was 15 points better at 6,588 and the gold index was 18 points firmer at 2,298.

Brokers remarked that investors remained positive on gold stocks believing that the price of bullion would move above the $400 an ounce level.

Industrials were also attractive at current levels, said one trader, given that prospects for the economy remained encouraging.

The market shrugged off a rise in the inflation rate which came in around forecasts, up to 10.1 per cent in the year to September from 9.4 per cent.

Gencor gained 40 cents to R15.00, Barlows picked up 70 cents to R32.70. In golds Driefontein ended 75 cents up at R66.75 while Kloof closed np 25 cents at R69.75.

EUROPE

Milan excited by L2,000bn Romagnola bid

Unchanged interest rates at yesterday's Bundesbank meeting were no surprise; and they were in character with a day which, for once, let individual corporate stories make their mark on share prices, *writes Our Markets Staff.*

MILAN was excited by the L2,000bn bid launched by Credito Italiano for the Bologna-based Credito Romagnola.

The Comit index improved 2.32 to 612.73.

Credito Italiano said that it would pay L19,000 a share for a 48.2 per cent stake in Romagnola, which would take its stake above 50 per cent. Analysts at James Capel commented that while it was a hefty price to pay, and would be earnings dilutive, strategically the move mads sense. Credito Italiano, the broker said, was historically exposed to the large corporate business sector, and lacked a customer base in which it could cross-sell its products. This would be provided by Romagnola which had a very rich customer base, managing a lot of assets off-balance sheet.

The takeover could make Credito Italiano the country's largest retail operation, adding Romagnola's 400 branches to its 850 outlets.

FT-SE Actuaries Share Indices

Oct 27					THE EUROPEAN SERIES			
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1303.29	1300.95	1301.05	1298.23	1300.30	1302.72	1302.67	1303.28
FT-SE Eurotrack 200	1356.76	1357.69	1358.76	1357.59	1358.43	1360.53	1361.16	1361.02

	Oct 26	Oct 25	Oct 24	Oct 21	Oct 20
FT-SE Eurotrack 100	1300.71	1296.00	1312.32	1304.75	1324.22
FT-SE Eurotrack 200	1358.10	1356.47	1372.56	1361.84	1381.88

Base 1000 (26/10/90); High/day: 100 - 1303.93; 200 - 1362.39 Low/day: 100 - 1297.80 200 - 1357.12 † Partial

The takeover offer would be conditional on securing the agreement of other minority shareholders, which included a 4.9 per cent stake held by Cofide, controlled by the De Benedetti group, and BNP, the French bank, which holds 6.8 per cent.

Credito Italiano fell sharply on the news, losing 1.5 per cent to L1,592, but off a session low of L1,540. Credito Romagnola rose sharply, up L2,390 to L16,100. The news affected other banks: Ambroveneto soared 11.4 per cent to L4,332 on suggestions that it could be the next takeover target, while BCI lost 2.3 per cent to L3,390.

FRANKFURT eased a little after the Buba meeting and the Dax index closed the official trading session 7.30 lower at 2,013.20, but the real measure of the day's trading was in the post-bourse where the Ibis indicated Dax eventually ended 16.92, or 0.8 per cent higher over 24 hours at 2,026.37.

Turnover eased from DM5.5bn to DM5.2bn. Nine-month turnover figures from Daimler and Linde helped the carmaker and engineer up by DM11.50 to DM753.50, and the forklift specialist by DM23 to DM886.

Mr Adrian Phillips at Kleinwort Benson said that Daimler's figures were much as expected but that the slightly better dollar might have given it some encouragement; Linde, he noted, had produced good figures on Wednesday afternoon but the stock tended to move little in Ibis trading, generally reserving its reactions for the official session.

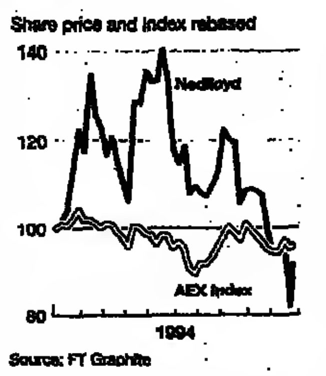
Major session moves included a DM24 rise to DM800 in Philipp Holzmann, the construction group, after Deutsche Bank said that it might sell its 25.8 per cent holding; Hochtief, Holzmann's fellow construction group, has takeover ambitions. Meanwhile Weru, the window frame manufacturer, had another setback yesterday: its shares, hit severely by broker downgrades last week, fell DM21 to DM820; brokers said that an analysts' meeting had been cancelled.

PARIS rallied on stability in the currency markets, although turnover was low as some investors began to wind down ahead of the long weekend holiday. The French financial markets will be closed on Monday and Tuesday.

The CAC-40 index rose 26.57 or 1.4 per cent to 1,858.11 in turnover estimated at under FFr3bn. L'Oreal, which reported a 6.5 per cent rise in first-half consolidated pretax profit to FFr2.6bn, slightly below expectations, rose FFr33 or 3 per cent to FFr1,064.

Eurotunnel showed an improvement in performance following recent bad publicity surrounding the start of its Eurostar service as it announced that it had won approval from the authorities to extend operations to the weekend. The shares improved 3 per cent to FFr19.

Nedlloyd



Source: FT Graphite

AMSTERDAM saw Nedlloyd shares make further forward progress following the recent wave of selling and ahead of expectations for strong third quarter results next week. The transport group's shares rose Fl 2.60 to Fl 54.80 wbile the AEX index rose 4.72 to 403.87. Nedlloyd said yesterday that its shipping division, together with Malaysian International Shipping was to take over the Frencb Compagnie Generale Maritime's share of Europe to Far East shipping traffic from next month.

Philips was the day's most active issue, gaining 80 cents to Fl 52.50, with third quarter results due next week.

ZURICH's SMI index fell another 18.6 to 2,458.6. Mr Michael Clark of Robert Fleming Securities said that the strength of the Swiss franc against the dollar threatened painful currency translation effects on corporate earnings; many of the country's multinationals had large portions of their sales in the US currency, Switzerland itself offering a small domestic base.

In pharmaceuticals, Roche certificates tumbled SFr110 to SFr5,390. In banks, the reduction in the UBS registered premium continued: this class fell SFr7 to SFr275 while the bearers fell SFr18 to SFr1,212.

Ons brigbt spot was the insurance sector, where Winterthur Insurance rose SFr6 to SFr615 on bargain hunting; another was the watchmaker, SMH, which recovered SFr6.50 to SFr157 after Goldman Sachs upgraded it to a trading buy from market performer status.

Written and edited by William Cochrane and John Pitt

ASIA PACIFIC

Commodities lift Sydney as Japan Tobacco plunges

Tokyo

The market was unaffected by the sharp fall in Japan Tobacco, whose shares were listed yesterday, and the Nikkei average closed marginally higher on arbitrage buying, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 closed up 50.01 at 19,796.36 after s high of 19,919.88 and a low of 19,724.44. Dealers bought shares on the first trading day for November settlement, while overseas investors also supported prices.

Volume was 210m shares against 215m. The Topix index of all first section stocks gained 1.50 to 1,568.44 and the Nikkei 300 inched np 0.54 to 287.14. Advances led declines by 479 to 461 with 221 issues unchanged.

In London, the ISE/Nikkei 50 index rose 2.30 to 1,292.90.

Japan Tobacco plunged 23.5 per cent from its public offering price to Y1.1m. Early in the day, the stock failed to trade due to lack of buyers, but it changed hands in the afternoon at Y1.19m. Traders said investors who had bougbt stock at the lower end of the pre-offer auction were trying to take profits. Investors who had bought the stock on margin were also forced to liquidate their holdings when the offered price fell below Y1.3m.

Traders said the focus for market participants was on corporate earnings and the currency market now JT was listed. "We can now detach ourselves from JT," said Mr Yasuo Ueki at Nikko Securities.

Buying by overseas investors supported Nippon Telegraph and Telephone, which rose Y6,000 to Y892,000. But East Japan Railway, the railway group privatised last year, lost Y3,000 to Y480,000, and Japan Telecom fell Y70,000 to Y3.68m.

High-technology stocks were supported by prospects of strong profits. Sharp rose Y10 to Y1,790 and Toshiba Y6 to Y764. However, some issues fell on profit-taking, with Matsushita Electric Industrial down Y10 to Y1,580 and Mitsubishi Electric losing Y2 to Y723.

Steel shares were firmer: Nippon Steel rose Y2 to Y394 and Sumitomo Metal Industries added Y10 to Y354. Mitsubishi Oil lost Y40 to Y1,020 on profit-taking. The stock had been supported by speculative buying on hopes of its oil digging project in Vietnam.

In Osaka, the OSE average rose 13.27 to 21,965.36 in volume of 25.3m shares. Nintendo, the video game maker, rose Y140 to Y5,290.

Roundup

Commodities-based gains in Australia and a continued buyers' strike in the embattled Taiwan equity market were the main features in the region yesterday.

SYDNEY followed Australia's largest company, BHP, whicb reached an intra-day record high on the rosy outlook for mineral ores after the bull-run in base metals found new impetus on the London Metal Exchange on Wednesday.

BHP rose 42 cents to A$20.50 after peaking at A$20.56. The All Resources index rose 18.4 to 1,422.9, towing the All Ordinaries to s gain of 14.6 at 2,032.2. Turnover was strong at A$538.1m.

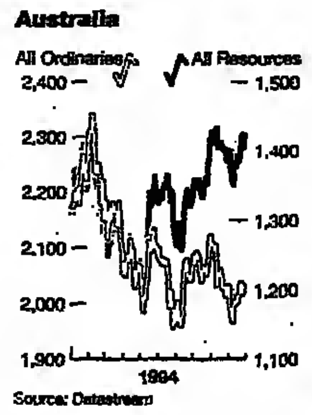
The copper price, which jumped US$41 to a four-year high of US$2,627 a tonne, was said to be the source of BHP's strength, but other large miners were firmer on the back of much stronger base metals prices, and on support from domestic investors. CRA rose 32 cents to A$18.90, Western Mining climbed 13 to A$8.37, and MIM advanced 5 to A$2.90.

HONG KONG achieved a technical recovery but activity stayed thin, the Hang Seng index closing up 52.14 at 9,304.58, well off its 9,341.40 session high as turnover improved marginally from HK$2.02bn to HK$2.27bn.

Wednesday's successful test of 9,200 on the Hang Seng and Wall Street's ability to avoid a heavy sell-off overnight, combined with news that Britain and China might be close to a financing agreement on Hong Kong's new airport boosted flagging sentiment.

Overseas buying boosted Hongkong Land, which rose 55 cents to HK$19.10. Other property stocks also gained, with Henderson Land up 40 cents at HK$48.80 and Cheung Kong by

Australia



Source: Datastream

30 cents to HK$35.90.

WELLINGTON thanked Telecom, once again, for a 12 cents gain on continuing demand to NZ$5.62 which accounted for around 13 points of a 21.10 rise to 2,090.42 in the NZSE-40 Index in turnover of NZ$47m.

Fletcher Challenge also performed well, rising 5 cents to NZ$4.36, and Fletcber Forest closed up 1 cent at NZ$2.10 amid speculation about foreign demand.

COLOMBO's all share index recovered for the first time after Monday's assassination of an opposition leader, widespread blue chip buying taking it up 9.41 to 1,087.56. Turnover rose from Rs47.21m to Rs187.36m.

TAIPEI reversed small early gains to close sharply lower for the fourth consecutive session, and brokers expected the market to remain depressed. The weighted index lost 90.90 or 1.4 per cent to 6,594.97 in turnover of T$44.4bn.

Financials led the fall with China Bills losing T$2.70 or 5.6 per cent to T$45.90.

Food and polyester shares performed relatively well, with Shinkong Synthetic Fibres gaining 30 cents to T$26.90. President Enterprises rebounded after Wsdnesday's fall, gaining T$1.50 to T$58.

Hualon fell T$1 to T$18.70 after the prosecutor's office started to investigate a T$3.35bn share payment default related to the group.

MANILA declined marginally ahead of a four-day holiday weekend, with Philippine National Bank leading the declines.

The composite index finished 18.01 lower at 3,060.25 in volume of 2.95bn shares worth 1.34bn pesos.

PNB, the country's largest commercial bank, fell 4.35 per cent to 385 pesos on news of a 28 per cent drop in its net profit to 1.2bn pesos in the first nine months against 1.67bn in the same period last year.

Gainers were led by Jollibee Foods which advanced 8.6 per cent to 15.75 pesos followed by Bacnotan Cement which rose 4.6 per cent to 34 pesos.

BANGKOK retreated but brokers expected the market to make headway today after the Bank of Thailand announced that inflation was under control and stringent monetary measures were now unnecessary. The SET index slipped 12.34 to 1,501.73 after fluctuating between 1,495.41 and 1,518.90 in turnover of Bt8.1bn.

Bank of Thailand officials said the bank was sticking to its earlier estimate of a 4.8 per cent growth in the consumer price index for 1994.

The finance sector was the biggest loser, falling 2.1 per cent on Bt1.2bn turnover.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 26 1994								TUESDAY OCTOBER 25 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	171.30	0.5	155.55	105.07	133.17	153.47	–0.3	3.62	170.41	154.37	104.34	132.19	153.90	189.15	149.36	155.01
Austria (18)	179.98	–0.3	163.44	110.40	139.92	140.08	0.0	1.16	180.52	163.53	110.53	140.02	140.08	188.89	167.46	177.59
Belgium (35)	169.08	0.2	153.54	103.71	131.44	128.29	0.3	4.30	168.75	152.88	103.32	130.89	127.93	177.04	149.33	160.24
Canada (103)	136.31	0.4	123.78	83.61	105.87	132.98	0.2	2.55	135.79	123.00	83.14	105.33	132.66	145.31	120.54	131.15
Denmark (33)	257.03	0.5	233.41	157.66	199.81	204.14	0.7	1.45	255.76	231.68	156.59	198.39	202.68	275.79	230.27	238.25
Finland (24)	198.71	0.9	180.45	121.89	154.48	189.15	0.8	0.74	197.01	178.46	120.62	152.81	187.56	200.40	116.85	124.16
France (101)	166.36	0.1	151.07	102.04	129.33	133.56	0.3	3.25	166.16	150.52	101.73	128.89	133.17	185.37	159.34	170.79
Germany (58)	142.98	1.5	129.84	87.70	111.15	111.15	1.7	1.86	140.86	127.60	86.24	109.26	109.26	150.40	128.37	133.20
Hong Kong (56)	376.14	0.1	341.57	230.72	292.42	373.17	0.1	3.33	375.91	340.53	230.16	291.59	372.94	506.56	341.29	351.65
Ireland (14)	207.16	0.7	188.12	127.07	161.05	180.60	0.7	3.50	205.66	186.32	125.93	159.54	179.31	218.60	171.66	172.59
Italy (59)	77.06	0.3	69.97	47.26	59.90	87.92	0.4	1.79	76.79	69.56	47.02	59.56	87.60	87.78	57.88	89.13
Japan (468)	161.94	–0.3	147.06	99.33	125.90	99.33	–0.1	0.77	162.38	147.09	99.42	125.95	99.42	170.10	124.54	152.70
Malaysia (97)	544.50	–0.2	494.46	333.98	423.30	535.02	–0.1	1.57	545.78	494.40	334.15	423.36	535.69	621.63	430.71	480.29
Mexico (18)	2124.80	–2.4	1929.49	1303.28	1651.79	7955.80	–2.5	1.29	2176.59	1971.86	1332.66	1688.32	8157.87	2647.08	1696.26	1840.11
Netherland (19)	216.29	0.3	196.41	132.66	168.14	165.46	0.4	3.49	215.73	195.42	132.09	167.34	164.80	219.75	187.01	193.79
New Zealand (14)	74.33	0.6	67.50	45.59	57.79	64.36	0.4	3.79	73.92	66.96	45.26	57.34	64.08	77.59	59.22	66.11
Norway (23)	206.09	–0.2	187.14	126.41	160.21	181.81	0.0	1.82	206.44	187.00	126.39	160.13	181.85	211.74	165.52	161.46
Singapore (44)	396.82	–0.1	360.17	243.28	308.34	269.14	0.1	1.57	396.91	359.56	243.02	307.88	269.00	399.01	294.66	328.89
South Africa (59)	339.40	0.3	308.21	208.18	263.85	292.28	0.0	2.19	338.46	306.59	207.23	262.53	292.21	342.00	202.72	212.81
Spain (38)	139.67	–0.1	126.83	85.67	108.58	131.74	–0.1	4.43	139.83	126.67	85.61	108.46	131.91	155.79	128.88	143.50
Sweden (36)	241.76	0.3	219.54	148.29	187.95	252.98	0.5	1.58	241.05	218.36	147.59	186.98	251.61	241.76	175.83	203.40
Switzerland (47)	162.98	–0.9	148.00	99.97	126.70	126.26	–0.6	1.92	164.47	148.99	100.70	127.58	126.95	176.56	143.64	145.60
United Kingdom (204)	199.23	–0.3	180.91	122.20	154.88	180.91	0.0	4.21	199.80	180.98	122.33	154.98	180.99	214.96	181.11	180.09
USA (515)	188.84	0.3	171.49	115.83	146.80	188.84	0.3	2.88	188.33	170.80	115.31	146.06	188.33	196.04	178.95	189.15
EUROPE (707)	171.46	0.1	155.72	105.19	133.30	146.48	0.3	3.18	171.31	155.19	104.89	132.88	146.03	178.58	154.79	161.03
Nordic (116)	233.28	0.4	211.84	143.09	181.35	208.65	0.6	1.42	232.32	210.45	142.24	180.21	207.70	233.91	173.19	191.98
Pacific Basin (747)	171.04	–0.2	155.32	104.91	132.97	110.01	–0.1	1.10	171.39	155.26	104.94	132.94	110.10	176.86	134.79	160.03
Euro–Pacific (1454)	171.10	–0.1	155.37	104.95	133.01	124.74	0.1	1.98	171.23	155.11	104.84	132.82	124.64	175.14	143.66	160.33
North America (619)	185.58	0.3	168.52	113.83	144.27	184.89	0.3	2.87	185.06	167.64	113.31	143.55	184.48	192.73	175.87	185.55
Europe Ex. UK (503)	152.94	0.3	138.88	93.81	118.89	126.25	0.5	2.67	152.44	138.09	93.33	118.24	125.62	158.12	135.94	142.22
Pacific Ex. Japan (279)	259.80	0.1	235.93	159.36	201.97	230.44	–0.1	2.84	259.48	235.06	158.87	201.28	230.57	296.21	231.04	231.04
World Ex. US (1634)	173.07	–0.1	157.18	106.15	134.54	128.51	0.1	1.99	173.22	156.91	106.06	134.36	128.45	176.65	145.58	160.98
World Ex. UK (1945)	175.15	0.1	159.05	107.43	136.18	143.61	0.1	2.10	175.02	158.54	107.16	135.75	143.40	178.59	155.96	167.36
World Ex. So. Af. (2090)	176.22	0.0	160.02	108.09	136.99	145.97	0.1	2.30	176.18	159.57	107.85	136.64	145.78	180.03	158.54	169.17
World Ex. Japan (1681)	187.51	0.2	170.28	115.02	145.77	174.99	0.2	2.96	187.20	169.58	114.62	145.21	174.61	195.20	176.34	180.10
The World Index (2149)	177.27	0.0	160.98	108.73	137.81	147.05	0.1	2.30	177.20	160.52	108.50	137.45	146.86	180.80	158.85	169.38

Latest prices were unavailable for this edition. Austrian market closed 26/10/94.